Comparing and Evaluating the Social Impact Assessment Reporting of

Conventional and Social Banks

by

Zachary Folger-Laronde

A thesis
presented to the University of Waterloo
in fulfillment of the
thesis requirement for the degree of
Master of Environmental Studies
in
Sustainability Management

Waterloo, Ontario, Canada, 2015

Authors Declaration

I hereby declare that I am the sole author of this thesis. This is a true copy of the thesis, including any required final revisions, as accepted by my examiners.

I understand that my thesis may be made electronically available to the public.

Abstract

The purpose of this mixed-method thesis was to assess the relationships between banking organizational characteristics and the quality of social impact assessments reported by conventional and social banks. Employing a multi-theoretical framework of legitimacy theory and stakeholder theory, the following characteristics were investigated in their relation to the quality of social impact assessments: bank type, bank size, net profit, and home country. Following a content analysis approach, the quality of assessments reported by banks, concerning their internal operations, philanthropic activities, and financing activities, were evaluated using an instrument based on the Impact Value Chain. Overall, the study found significant heterogeneity in the quality of disclosure among the three activity areas of the banks, with the assessment of internal operations being the highest quality reported. Also it appears that conventional banks face more pressures and demands to assess their impacts compared to social banks. Furthermore, for conventional banks, the variables of size and net profit showed to be determinants for social impact assessment quality. Conversely, the assessment behaviour of social banks were found to have no associations with the banking characteristics investigated. Overall, the findings of the assessment behaviour of conventional banks are generally in agreement with legitimacy theory and stakeholder theory, however these extant disclosure theories struggle at predicting the disclosure behaviour of social banks, likely because of their relatively small size. Moreover, the challenges inherent to measuring the indirect social impacts of philanthropic and financial activities appear to remain significant, further signalling for future research.

Keywords: Content Analysis; Impact Value Chain; Social Banks; Social Impact Assessment; Sustainable Finance; Theory of Change

Acknowledgements

I would like to take this opportunity to thank the individuals who helped in the completion of this thesis.

First, thank you to my thesis advisor, Dr. Olaf Weber, for guiding my research over the past two years.

I would also like to thank both my committee member, Dr. Jason Thistlewaite and my external examiner, Dr. Sean Geobey, for their constructive feedback throughout the thesis process.

Finally, I'd like to thank my family and Alice for their continuous and non-wavering support and positivity.

Table of Contents

List of Figures

List of Tables

Chapter 1: Introduction

1.1 Introduction

Attention towards the role of financial sector in sustainable development has increased since the recent financial and economic crisis. Moreover, the establishment of social banking institutions, whom have the dual mission of achieving financial returns and positive social impacts through their financing (Benedikter, 2011; Bosheim, 2012; Weber & Remer, 2011), adds another dimension to this discussion. Now governmental institutions, civil society, and academia are interested in how these two banking approaches tell their sustainability story, or how are they communicating the sustainability case of their activities (Weber, 2014b).

Motivations to report sustainability-related information are not new, with pressures appearing in the 1970s once it was evident that business organizations had the ability "to control and move resources internationally" (Gray et al., 1990, p. 598, as cited in Fifka, 2013). Initially, labour concerns were the focus of non-financial reporting, but a shift to environmental issues occurred as polluting emissions and waste generation problems increased (Hahn & Kühnen, 2013). By the late 1990s, two important developments occurred (Fifka, 2013); increasing disclosure demands led to the publishing of standalone reports, and reporting had embodied a 'Triple Bottom Line' (TBL) approach (Elkington, 1998). Both can largely be attributed to the development of the Global Reporting Initiative (GRI), a voluntary sustainability reporting standard, which follows the TBL approach closely (Kolk, 2003). However, this approach to

sustainability reporting has been challenged for not encouraging a deviation from business-as-usual and becoming a marketing activity (Milne & Gray, 2013).

Initially, discussions of sustainability from conventional banks revolved around the management of their internal operations (e.g., water-use, energy-use, waste, transportation, etc.) and philanthropic activities, with performance measures typically only being applied to the former (Scholtens, 2008; Tagesson et al., 2009). However, the most significant impacts that banks have on society and the environment are derived from what people, projects and organizations they are finance (Scholtens, 2006; Cowton & Thompson, 2000). Consequently, external pressures shifted their attention towards financial products and services. In response, conventional banks began showing an integration of sustainability considerations into their activities (Scholtens, 2008; Weber, 2005): credit management policies were shown to consider the environmental risks associated with lending (Weber, Diaz & Schwegler 2012); socially responsible investment activities, which apply a value-based or sustainability-based performance screening component to traditional investment (Haigh & Hazelton, 2004,), were implemented, and; the project finance sustainability agreement, Equator Principles was developed (O'Sullivan & Dwyer, 2009).

Previous studies investigating the reporting behaviours of banking organizations have struggled with including the banks' assessments of their social impacts; especially their indirect social impacts derived from financing activities. This could be partially attributed to the many challenges inherent to the measurement and reporting of social impacts. First, there is no generally-accepted approach, but it is not from a lack of supply

of methods (Liket & Maas, 2015; Reeder & Colantonio, 2013; Wood, 2010). Different practitioner and academic fields have offered social impact measurement and reporting approaches (Nicholls, 2009). However, experiences in the business, social enterprise, charity, nonprofit, and project evaluation fields are heterogeneous, thus the offerings from these fields have been fragmented (Chmelik, 2012; Grieco, 2015; Maas & Liket, 2011; Matteo, Langella & Brammanti, 2015; Reeder & Colantonio, 2013; Wood, Leighton & Demos, 2010). Moreover, GRI, the institution that has provided a reporting framework to many business organizations, including the banking sector, has devoted limited attention towards the measurement of sustainability-related impacts of financial products and services (Geobey, 2014).

Overall, the reporting of social performance in banks has appeared to be significantly different from other industries (Brammer & Pavelin, 2008; Tagesson et al., 2009). The inherent challenges in conceptualizing, measuring and reporting social impacts are substantial, which are further compounded because of the indirectness associated with financial products and services. However, case studies have illustrated how impact assessments can be implemented at financial institutions (Bosheim, 2012; Jackson & Tarsilla, 2013). This introduces questions regarding the current state and factors associated with reporting high quality social impact assessments of conventional and social banks.

The next proceeding sections of this chapter will describe the current problem identified in literature and its associated significance to theory and practice. Also, the

research design approach and associated research question of this thesis are described. Finally, in the closing of the chapter, the assumptions of this thesis are described.

1.2 Problem Statement

Literature on the motivations of sustainability-related disclosure used various extant theories, but two common approaches have used legitimacy theory and stakeholder theory (Adams, 2002; Deegan, 2002; Fifka, 2013; Hahn & Küken, 2013). Although other incentives to reporting have been theorized and researched, these two theories posit that organizations will report its strategies and performance as a means to securing organizational legitimacy or fulfilling stakeholder accountability. Overall, this strand of literature has concluded that the financial sector are relatively poor reporting performers (Adams, 2002; Brammer & Pavelin, 2008; Hahn & Küknen, 2013; Lock and Seele, 2015). However, three significant problems with these investigative approaches persist. First, social banks and their associated reporting behaviours are under researched. Second, the sustainability-related performance variables used in previous studies on the financial sector have used proxies that do not appropriately conceptualize their overall social impacts. Lastly, and related to the second problem, is the inherent challenges in measuring social impacts. This section will outline these three problems found within literature and practice in turn.

Social banks are a recently established alternative to conventional banking (Weber, 2014b). Thus, its literature has focused on conceptualizing and describing them (Weber, 2014a). From a social impact assessment point of view, case studies have been the chosen approach to studying social banks (Bosheim, 2012; Jackson & Tarsilla, 2013;

4

Trelstad, 2008), with few statistical studies being done (Grieco, 2015; Weber, 2005). In addition to their newness in the banking sector, the size of social banks compared to their conventional counterparts could be a contributing factor to their lack of attention in reporting literature. The size of balance sheets in social banks are significantly smaller than conventional banks (Bosheim, 2012; Weber, 2014a; Weber & Duan, 2012). Further, their direct physical footprints contain fewer branches and less employees (Weber, 2005). However, they have shown to be financially sustainable and exhibit increasing growth (GABV), 2013). However, social banks have the pursuit of a positive social impact at the core of their activities. Therefore, it could be hypothesized that social banks would assess their social impacts for internal and external reasons. However, the strength of motivators to assess of social banks is currently a gap in literature.

The next problem found within literature pertains to the previous approaches to investigating social performance and disclosure. Although conclusions remain inconclusive, the financial impacts of social performance have been well investigated (Margolis & Walsh, 2001; Orlitzky, Schmidt & Rynes, 2007, Wood, 2010). However, previous authors' frameworks for assessing the total social performance and reporting of banks continue to be challenged by data limitations. The result has been a focus on inputs and outputs (Gray, 2006; Thompson & Cowton, 2004), and proxies that do not capture the type or magnitude of social impacts associated with banks' financing activities. For instance, proxying social performance with the number of fines for environmental transgressions or actual emission data does not account for the impacts of banks' financing activities. This is problematic because it has been illustrated that the indirect

5

impacts of banks are significantly larger than their direct impacts (Barclay, 2008; Sahoo & Nayak, 2008; World Development Movement, 2013).

Another proxy used to asses social performance of the banking sector are reputation and database indices (e.g., Kinder, Lydenberg and Domini or KLD database and the GRI reporting performance database). Criticism of using these indices as proxies for social performance revolve around the lack of transparency in their methodologies (Fowler & Hope, 2007) or their ability to represent true social impacts (Milne & Gray, 2013). In other words, indices do not devote much attention to the impacts of financial activities (Geobey, 2014). Lastly, the indices usually used as social performance proxies do not include social banks, which inhibits comparisons between social and conventional banks.

A final approach to assessing the social impacts of sustainability-related disclosures are through content analysis. Generally, this approach involves "codifying qualitative information in anecdotal and literary form into categories in order to derive quantitative scales of varying levels of complexity" (Abbott & Monsen, 1979, p. 504). This approach has focused on the extent and quality of social performance and reporting in business organizations (Brammer & Pavelin, 2008; Fifka, 2013). However, no study has investigated the quality of social impact assessments being disclosed by banks, and the potential relationships to organizational characteristics.

Related to the challenges in developing a framework for assessing the social impacts of financial activities are the inherent challenges of measuring social impacts themselves. First, social impacts are difficult to conceptualize at both the firm and macro

6

level. Impacts can be complex because they can be: positive or negative, linear or varying in growth, short and long term, and intended or not intended (Maas & Liket, 2011). Moreover, approaches to measuring social impacts are numerous, resulting in a state of significant fragmentation (Chmelik, 2012; Grieco, 2015; Maas & Liket, 2011; Matteo et al., 2015; Reeder & Colantonio, 2013; Wood et al., 2010). Furthermore, conducting social impact assessments can require substantial resources (e.g., time and money)(Clark & Brennan, 2012; Vanclay, 2004). These challenges are further compounded for banks because of the indirectness of their financing activities (Scholtens, 2008).

Combined, the three problems outlined above lead to a gap in the understanding of motivations of disclosing high quality social impact assessments of conventional and social banks. The next section of this chapter will describe how this thesis addresses this gap in literature.

1.3 Statement and Purpose

The purpose of this thesis is to conduct a mixed-methods investigation on the motivations of conventional and social banks to disclose high quality social impact assessments. The activity areas of banks under investigation are: internal operations, philanthropic activities and financing activities. Presently, literature has largely neglected to include social banks in statistical studies regarding sustainability-related disclosures (Weber, 2005). Also, previous studies have been challenged in assessing the social performance and reporting of banks' financial activities because of data limitations (Scholtens, 2008). This study looks to employ a measurement instrument and social disclosure index that will evaluate the quality of social impact assessments reported by

7

conventional and social banks. Thus, this thesis has both descriptive and hypothesis-testing components. Another important aspect to consider for this thesis is that it is cross-sectional. This means that this thesis is investigating the social impact assessments of banks and their activities at one point in time using each respective banks' most recent reporting. This thesis is cross-sectional because of time and resource constraints.

The first component of this investigation is rather descriptive because it is determining the current state of social impact assessments found in banks. Using the *Impact Value Chain*, this thesis looks to evaluate the current level of quality found in the social impact assessments of banks. Given that the current state of social impact measurement is fragmented, the impact value chain has been shown to be a common approach to conceptualizing social impacts (Clark, Rosenzweig, Long and Olsen, 2004; Epstein, 2003; Olsen & Galimidi, 2008). Thus, each banks' reporting that concerns social impacts, will be evaluated using a newly developed instrument that measures the comprehensiveness of the impact value chain present in the disclosures. This will allow the current state of social impact assessments found in banks to be described quantitatively, with additional analyses focused on relationships between impact assessment reporting and organizational characteristics. In addition to this, a qualitative aspect will be provided to describe the best practices found in the sample.

The second component to this thesis is the assessment of the relationship between organizational characteristics of banks and the quality of social impact assessments reported. Grounded in a multi-theory framework of legitimacy theory and stakeholder theory, statistical analyses between the following factors and the aggregated disclosure

8

index score will be conducted. The factors being assessed are: bank type, size (number of employees, number of customers, assets under management, net profit), and home country. These specific factors, combined with legitimacy theory and stakeholder theory, have been chosen because they have previously shown to be associated the presence or quality of sustainability-related reporting and are commonly used (Fifka, 2013; Hahn & Kühnen, 2013).

Progressing, the data in this thesis will be derived from the most recent respective sustainability-related reporting of conventional and social banks. The sample includes equal representation of conventional and social banks by following a block sampling approach. Provided that there are more conventional banks than social banks, the sample for this thesis will be dictated by the number of social banks that suited the selection criteria. The first phase was the selection of the social banks, which required membership in the Global Alliance on Banking Values network, which is regarded as being the core group of social banks and because they explicitly value transparency (Weber & Remer, 2011). Next, the reporting from the banks had to be in the English language to reduce potential inconsistencies that can arise from translations. With the social bank sample determined, an equal number of conventional banks were selected per home country and size of balance sheet. It is assumed that the conventional banks with the most assets under management are the most productive. In other words, previous studies indicate that there is a positive association between the size of a bank and the amount of external pressures to implement and report on social performance. The next section of this chapter will describe the theory and practice contributions of this investigation.

1.4 Significance of the Study

This thesis presents an original contribution to the sustainable finance, social impact assessment and social accounting literature by investigating the relationships between organizational factors and quality of social impact assessments disclosed by conventional and social banks. Moreover, this thesis attempts to explain the disclosure behaviour of banks using a multi-theory framework of legitimacy and stakeholder theory. The contributions of this thesis stem from how it is approaching disclosure studies differently. First, this thesis focuses on how different banks are communicating their sustainability case (Weber, 2014b). Compared to studies investigating the business case for sustainability, investigations on reporting of social impact performances are under-researched.

Next, this statistical empirical thesis includes social banks in its sample. Literature on social banks has revolved around describing what they are (Weber, 2014a; Weber & Remer, 2011) and their business case (GABV, 2013). From a social impact performance perspective, social banks have been included to a slight degree (Grieco, 2015; Weber, 2005), but the majority of this focus is done through case studies (Boshiem, 2012; Jackson & Tarsilla, 2013; Trelstad, 2008).

The next component of this thesis that is different from previous approaches is the use of the impact value chain as an evaluative framework for assessing the quality of social impact measurements reported by banks. Broadly, the impact value chain is an approach at conceptualizing social impacts from an open-systems perspective (Clark et al., 2004). Given that the current state of social impact measurement is fragmented with

various approaches, frameworks and tools, the use of the impact value chain is intended to provide a common set of criteria, that can be quantified and evaluated. Determining if this approach to assessing the social performance measurements and reporting of organizations could lead to its use in further assessing the effectiveness and efficiency of corporate sustainability, nonprofit, charity, and social enterprise activities.

The differences described above allow this thesis to provide both contributions to theory and practice. First, this thesis looks to enhance the understanding of motivations found in banks to disclose high quality social impacts assessments, which speaks to the comparison between theoretical prescription of reporting behaviour and real-world practices (Miller & Campbell, 2006). This is significant because of the legitimacy and accountability roles that the reporting of social impact assessments could potentially provide. The lack of these aspects have been subject to significant criticism, arguing that reporting is a marketing tool (Milne & Gray, 2013). Moreover, there are authors that argue that social impact performance is required for the sustainable financial institutions and products to mature (Scholtens, 2011).

From a practice perspective, this thesis will provide the current state of social impact assessment of banks in their three activity areas: internal operations, philanthropic activities, and financing activities. Practitioners could gain a better understanding of how their social impact assessment approach compares to its industry peers; potentially identifying opportunities for improvement or differentiation. Broadly, literature has argued that a social impact assessment can have both internal (management and optimization of social impacts) (Bhattacharaya & Sen, 2004) and external benefits

(competition differentiation, reduced political and civil societal pressures) (Deegan, 2002; Ullman, 1985).

Overall, this thesis aims at contributing towards theory and practice by approaching the social performance and disclosure literature in a new way by including social banks and evaluating disclosures with the impact value chain. The next section of this chapter will introduce the hypotheses of this study.

1.5 Research Question and Hypotheses

This thesis is guided by the following research objectives:

- Review and synthesize relevant literature on social impact assessment, project evaluation, social accounting, corporate sustainability, and sustainable finance
- Develop evaluative criteria using the impact value chain to assess the quality of social impact assessments disclosed by banks
- Evaluate the social impact assessments provided by banks through their respective sustainability-related reporting
- Investigate the relationships between organizational characteristics of banks and the reporting of social impact assessments
- Provide a qualitative descriptions of the best practices found from the sample Thus, the primary research question for this thesis is:

What are the factors associated with banking organizations and their willingness to assess their social impacts?

This study is grounded in a multi-theory framework of legitimacy theory and stakeholder theory which uses the following as its independent variables: bank type, size of bank, net profit and home country. Provided that the disclosure behaviours of social

impact assessments are under-researched, the hypotheses have multiple alternatives. This should allow for flexibility in the analysis.

1.6 Assumptions

The design of this thesis makes three general assumptions. First, it is assumed that the social impact assessments disclosed in the banks' reporting includes all of their assessments. In other words, no social performance indicators are being withheld. A second assumption that this thesis makes is that all the banks in both the conventional and social samples participate in all three activity areas under analysis. As banks, participating in internal operations and financing activities are required. It is the participation in philanthropic activities where this assumption may impact the results of this thesis. Especially for social banks where their core activities have an embedded social impact directive, they may not believe that philanthropic activities is an effective and efficient use of their resources. The last assumption that this thesis makes is that the categorization of banks follows the dichotomy of either being a conventional bank or a social bank. For social banks, this entails assuming that all of them prioritize their dual missions to the same extent. While for conventional banks, it is assumed that they are profit-maximizing banking organizations. This however does not mean that conventional banks are not interested in developing corporate sustainability activities. Conversely, it means that conventional banks pursue corporate sustainability when the competitive and profit benefits exceed the associated costs.

1.7 Chapter Summary

This chapter has provided the background and significance of the literature gap that this thesis aims at contributing to. The forthcoming chapters begin with a review and synthesis of relevant academic and practitioner literature. Then the methodology and research design of this mixed-methods thesis are described. Progressing, both the qualitative best practices found from the sample and the quantitative statistical results are reported. Then the results of this thesis are discussed in relation to two extant theories. Lastly, the conclusion chapter of this thesis provides a summary of its literary approach, its contributions and recommendations to theory and practice.

Chapter 2: Literature Review

2.1 Introduction

This chapter provides a synthesis of the existing literature in the program evaluation, social impact assessment, social accounting, social finance and corporate sustainability of banking. Generally, there has been a convergence of program evaluation and social accounting and its application towards assessing the social impacts of organizations. However, prior to exploring these literature fields, banks and their integration of corporate sustainability activities are described. Generally, the latter investigations concludes that two general types of banks exist, conventional and social banks. Although both types of banking organizations offer traditional and social financial products and services, there are numerous distinctions between these two types of banking organizations that can be made.

Next, the measurement and reporting of social impacts is explored through the impact value chain. Theoretically, a comprehensive impact value chain of social impacts is considered to be the highest quality of social impact assessment, which forms the basis of the evaluative criteria of this thesis. Progressing, the chosen conceptual framework of this thesis, a multi-theoretical approach of legitimacy theory and stakeholder theory is explored. Included in this discussion are the motivations, challenges, approaches and critiques associated with social impact assessment.

Lastly, literature concerning social disclosure in the financial sector is synthesized with the present gaps highlighted. Finally, the internal and external factors of

15

conventional and social banks associated with social impact assessment are explored with the development of this study's hypotheses.

2.2 Banks and Sustainability

2.2.1 What are Banks?

Banks are deposit-based financial intermediaries that lend the funds of its depositors to people, projects and organizations (Jeucken, 2001). Following a fractional reserve system, banks are able to create money, thereby increasing the number and value of the loans that they can lend. Therefore, the ability to create money indirectly affects the allocation of resources within the economy (Jeucken, 2004). Consequently, this role in the economy also impacts society and the environment (Scholtens, 2008). Thompson and Cowton (2004) explain that this impact can be two-fold. First, banks can invest their own profits in such a way that sustainability impacts are considered. Second, banks can facilitate the transfer of funds towards entities that result in positive social impacts. However, it has become evident that banks can also contribute positively towards sustainability by participating in philanthropic activities. Although there are different types of conventional banks, the most common approach currently is viewed as focusing heavily on profit-maximization. (Jeucken, 2004). However, an alternative approach to banking has been observed that is called social banking.

2.2.2 Social Banks

Accumulating literature has established an alternative to the profit-maximization approach to banking with the concept of social banks (Matteo et al., 2015; Weber, 2014a;

Weber & Remer, 2011). Although the phenomenon of the social bank is not new (Weber & Remer, 2011), interest from literature could be from the rise of social enterprises and social entrepreneurship and the search for banking alternatives in response to the 2008 financial crisis (Benedikter, 2011). Broadly, social enterprises are organizations that use a traditional business engine to achieve an integrated social mission (Willburn & Willburn, 2014).

Defining social banks can be challenging, therefore a lot of this thesis' description will focus on contrasting them with their conventional bank counterparts. First however it is important to understand that the term 'social bank' has become an umbrella term for all banks that have a social mission (Benedikter, 2011). Similar terms are: Ethical banks, sustainable banks, green banks, cooperative banks, alternative banks, microfinance banks, and credit unions (Matteo et al., 2015; Weber, 2011; Weber & Remer, 2011).

Progressing to the description of social banks, the first distinction is their equal and dual prioritization of social impacts and financial performance (Weber, 2005). This dual priority approach resembles the concept of social enterprises and their pursuit of blended-value (Emerson, 2003) or shared-value (Porter & Kramer, 2011). Weber (2005) and the GABV (2013) have found that many social banks are financially self-sustainable, indicating that the dual priorities approach has been successful from a business case perspective. Matteo et al. (2015) explain that the dual priorities are considered to be equal and complementary because without financial profits, the bank would quickly cease its operations, and they would be conventional banks if not for the integration of social considerations (pg. 5).

Another distinction between social and conventional banks is the formers' approach to their depositors and clients. Relaño (2011) explains that a common strategy for social banks and the development of these relationships is by offering a fair rate of return for its banking and investing products. In addition, social banks typically try to provide their services to the 'unbankable' (Weber & Duan, 2012), which are the populations that conventional banks neglect because of risk adversity (Matteo et al., 2015). This can include people with disabilities, small businesses, new entrepreneurs and women (Weber, 2012; Weber & Duan, 2012). Baranes (2009) adds that social banks are also more willing to work with nongovernmental organizations, non-profits, churches and charities. Another contrast between social and conventional banks and their relationships with its depositors and clients is that the social banks generally operate primarily in their respective communities more often (Relaño, 2011). This focus on community members increases financial risks of the banks because portfolio diversification is more difficult, therefore social banks need to be knowledgable of their region, the projects and the people that they work with (Relaño, 2011).

In regards to the products and services that social banks offer, Weber and Duan (2012) found that they offer all three types of social finance products: social banking, impact investment and microfinance. Common economic sectors that social banks provide their products and services towards: ecological housing, organic farming, renewable energies, small and medium sized organizations (Weber & Remer, 2011). However, social banks also have been shown to offer conventional banking products (Relaño, 2011). For instance, they do participate in offering mortgages and auto loans.

18

Many social banks posit that their conventional banking products are their means of banking in the real economy. Generally, this excludes participating in speculative activities such as trading on the various stock markets. Conversely, Relaño (2011) argues that social banks do offer asset management products and services; typically following the social responsible investing doctrine.

From a size perspective, social banks are significantly smaller than their conventional counterparts. Bosheim (2012) shows that even the social banks with the largest assets under management are smaller than the majority of conventional banks. Moreover, as a group, social banks are small. In their analysis of the social banks in the GABV, Weber and Duan (2012) concluded that as a group they had total assets of $26.7 billion with an average and median of $3.7 billion and $898 million in their balance sheets, respectively. From a physical footprint, social banks have a smaller physical footprint compared to conventional banks. They occupy fewer bank branches and employ less people, therefore the physical footprint per employee of social banks is smaller than conventional banks (Weber, 2005).

Although literature has been challenged in coming to a conclusive definition of social banks, there are common themes that connected them. Their pursuit of positive social impacts and financial performance seems to be the primary differentiator. However, Relaño and Paulet (2012) still question if social banks are the financial sector's "sustainability champions".

2.3 Corporate Sustainability

2.3.1 Sustainable Development

The concept of social impact or impact towards sustainable development is a central component to this thesis, therefore a brief introduction on sustainability and how banking organizations have integrated this concept into their management is introduced in this section. The term, sustainable development, has been shown to have various underlying meanings and values (Gladwin, Kennelly & Krause, 1995). However, a consistent theme is a focus on the sustainability, or longterm health and well-being, of three interrelated complex systems: the economy, the society and the environment (Elkington, 1998), thereby adhering to the needs of current and future generations (Brundtland, 1987). Thus, there is both an intergenerational and intragenerational component to sustainable development (Barkemeyer, Holt, Preuss & Tsang, 2014).

The conceptualization of the sustainability of the environment or ecological component of sustainable development includes the health of capital stocks of both source and sink functions (Costanza et al., 1997; Ekins et al., 2003). Generally, source functions pertain to the delivery of natural resources to its other interdependent systems (energy, land, water, etc), and sink functions are components that aid in disposing waste and supporting life (land, water and air cycles). This view of sustainability is based on the assumption of strong sustainability, which proclaims that natural capital (both source and sink functions) can not be fully substituted by man-made capital (Dietz & Neumayer, 2007; Pearce & Atkins, 1993). From a societal perspective of sustainable development, a primary focus is on human health and welfare. This includes activities that contribute to

improving the current social situation of people in some capacity (employment, physical and psychological health, crime, etc) (Málovics, Csigéné & Kraus, 2008).

Within literature, the relationships between business and sustainability have become to be known as corporate social responsibility or corporate sustainability. This concept will be introduced next along with its motivations. Later, it will be shown how corporate social responsibility has been integrated into the financial sector.

2.3.2 Corporate Sustainability

The inception of CSR has been attributed to Bowen (1953), who stated that the social responsibility of businesses contains "obligations to pursue those policies to make those decisions, or to follow those lines of action which are desirable in terms of objectives and value of our society" (pg. 6). However, similar to the concept of sustainable development, CSR lacks a conclusive definition (Carroll, 1999; Dahlsrud, 2008). Therefore, Moon (2007) explains that academic literature often describes CSR with what is it not; usually not part of the profit-making component of a firm, not required by law, and not the result of governmental coercion. While Porter and Kramer (2006) have attested that CSR activities are the product and service offerings that consider sustainability in their design. Generally, CSR has evolved from being seen as an inappropriate or unethical use of a firm's time and money (Friedman, 1970; Goss & Roberts, 2011) to a business strategy that when strategically integrated can move beyond the financial and social tradeoff (Clarkson, 1995; Carroll, 1999; Maas & Liket, 2011; Moon, 2007; Porter & Kramer, 2006; Visser, 2014).

During the late 1970s, literature presented corporate social performance (CSP) as an attempt explain, predict and manage an organization's CSR activities (Carroll, 1979; Wartick & Cochran, 1985; Wood, 1991). The result was the development of a three-dimensional cube that included: corporate responsiveness, corporate citizenship and corporate social performance (Carroll, 1979). These three components can be interpreted as: the motivations to participate in CSR activities (legitimacy, public responsibility, demands of stakeholders, social contracts, manager's discretion, instrumentation, adding value); the specific CSR activities that the organization conducts and is participating in, and; an organization's ability to adapt its CSR actions in response to external forces (Aguilera, Rupp, Williams & Ganapathiet, 2007; Waddock & Graves, 1997; Wood, 2010). The framework focuses on descriptive categorizations of an organization's activity that focus on the social outcomes and impacts of the organization, stakeholders and society (Wood, 1991), showing an internal and external component to the theory.

Viewing organizations as a subsystem that is interrelated with larger societal and environmental systems is derived from Boulding's (1956) view of open systems. This view is considered open because resources can enter as inputs, then its activities produce an intended output, which is generally the value proposition of the organization. However, in conjunction, these activities also produce additional outputs that are considered to be waste, which can be detrimental towards society and the environment. (Wood, 2010). From there, the implications of an organization's outputs can be conceptualized as corporate social performance, which "concerns the harms and benefits that result from a business organization's interactions with its larger environment,

including social, cultural, legal, political, economic and natural dimensions" (Wood, 2010, p. 51). Figge and Hahn (2004) explain two broad types of social performance. First, is where the absolute contributions towards sustainable development exceed the costs of an activity or organization. The second is the eco-efficiency perspective, which is the reduction of detrimental social impacts on a per unit basis. Milne and Gray (2006) argue that efforts of improving eco-efficiency have a inherent 'rebound' problem because this entails continually focusing on resource productivity to develop competitive advantages, which results continually increasing the overall absolute environmental impacts.

Attempts have been made to operationalize components of the CSP framework and investigate the relationships between the three categories of descriptors. However, the model has not lent itself to the development of methodologies that could be used to collect, organize and analyze organization data (Waddock & Graves, 1997). In response, authors have attempted alternative measures to investigating corporate sustainability: expert evaluations, single and multi-issue indicators, and surveys of managers (Waddock & Graves, 1997). Moreover, Agudo Valiente et al. (2012) add current standards that have emerged as an attempt to measuring CSP: The Global Compact, SA8000, and the Global Reporting Initiative. Critiques have stated that these approaches fail to appropriately measure the changes to sustainability appropriately. However, the literary fields of project evaluation and social impact assessment have relevant themes that have begun to converge on measuring the effectiveness of corporate sustainability activities. Before

23

describing the results of this literary convergence, the integration of corporate sustainability in banks is described.

2.3.3 Sustainability in Banks

Generally, authors have established that banks have integrated the management of sustainability into their activities and policies (Alberici & Querci, 2015; Chih, Chih & Chen, 2009; Lock & Seele, 2015; Scholtens, 2008; Thompson & Cowton, 2004; Weber, 2005). However, Weber (2014b) explains that the approach taken by many conventional banks have been "outside-in" (Porter & Kramer, 2011). Compared to other industries, the financial sector has performed lower in regards to product responsibility and ethics (Weber, Diaz & Schwegler, 2012). In other words, this integration has been a risk and reputation management strategy. This form of sustainable banking has taken two approaches according to Ingham et al. (2013). First, is the management of internal environmental and social outputs and participating in philanthropy activities. Next is the integration of sustainability-related risks into a bank's core activities, strategies, mission and policies. From a sustainable development impact perspective, this is similar to how contemporary literature on banking separates them; direct and indirect impacts (Cocris & Nictean, 2010; Jeucken, 2002; Weber, 2014b).

Progressing, authors have proposed models of sustainable banking, which attempt to categorize banking organizations based on their level of corporate sustainability integration. Jeucken's (2004) model included defensive banking, preventative banking, offensive banking and sustainable banking. While Kaeufer (2010) labeled her models as:

24

unfocused corporate activities, isolated business projects and practices, systemic business practices, strategic ecosystem innovation, and international eco-system innovation. Generally, conventional banks are regarded as occupying the space in these models when corporate sustainability has been integrated into some of their products, and internal operations management, but have not been added to its core portfolio or mission. Conversely, social banks could be considered as practicing sustainable banking (Jeucken, 2002) or strategic ecosystem innovators (Kaeufer, 2010). It is the shift from an outside-in to inside-out perspective that is an underlying component to these models. Furthermore, Weber (2005) presents five motivations for integrating sustainability into banks that show that motivations to consider sustainability do not only revolve around financial returns: Event-related, new banking opportunity, new value driver, social-oriented public mission, or as a requirement of its clients. A brief description of how banks have integrated considerations for sustainability are presented next.

Internal Operations. One of the first instances where the financial sector integrated sustainability was in the management of their internal operations (Jeucken & Bouma, 1999; Weber, 2000). There were two primary motivators for this: to realize cost savings by reducing their use of energy, water and materials; and to show their clients that eco-efficiency minded management had a business case (Weber, 2005). The overall impact of these actions, however, are comparatively small compared to other more environmentally-intensive industries (Brammer & Pavelin, 2008).

Credit Management. The next progression for banks was the integration of sustainability-related risks into their credit risk management processes (Thompson and Cowton, 2004; Weber et al., 2010). Environmental regulations posed a significant threat to the cash flows of the banks' clients and could potentially become a liability if collateralized property had been polluted (Goss & Roberts, 2011; Weber, 2012). Weber et al. (2010) showed that credit risk management systems that integrated environmental risks resulted in lower portfolio risks.

Socially Responsible Investing. From an asset management perspective, sustainability considerations have been integrated through the development of socially responsible investment (SRI). This approach evaluates the environmental, social and governance aspects and performance of organizations which have tradable equity. This allows investors to invest in a way that is consistent with their social values, ethics or mission (Haigh & Hazelton, 2004; Michelson, Wailes, Van Der Laan & Frost, 2004; Scholtens, 2008). Within SRI there are various strategies: positive, negative, best-in-class, and thematic (Weber & Banks, 2012). Theoretically, the construction of SRI portfolios drives the demand of shares of socially irresponsible organizations down because of their exposure to future restrictive regulations and reputation risks (Haigh & Hazleton, 2004). Thus, this encourages organizations to improve their corporate social performance and its associated reporting (Weber & Banks, 201).

Philanthropy. Philanthropy is regarded as a voluntary activity for an organization to participate in. Generally, it involves spending organizational resources (money and employee time) with the aim of creating a positive social impact (Liket & Maas, 2015).

26

There is no direct financial payoff when participating in philanthropic activities. However, Porter and Kramer (2006) explain that philanthropic activities can be strategic and have dual objectives; creating positive social impacts and indirect financial profitability from reputational improvement and maintenance, acquisition of NGO partners and workforce loyalties (Wood, 2010).

In terms of areas of social impact, philanthropy activities typically are geared towards education, arts and culture, health, environmental protection and human welfare services (Seifert, Morris & Bartkus, 2003). The level of philanthropic contributions made by companies has grown significantly over the last 20 years, even with the 2008 economic downturn (Liket & Maas, 2015).

Evidently the banking sector has integrated sustainability concerns into their management, and products and services. These approaches resemble a risk or reputation management, or an outside-in approach to corporate sustainability. However, literature has begun to focus on an approach to finance that could be considered inside-out. Or in other words, these financial products explicitly aim to contribute positively to sustainable development.

Social Finance. The term social finance acts as an umbrella term for social banking, impact investment and microfinance (Weber & Duan, 2012). Broadly, all of these financial products pursue a blended value return (Emerson, 2003) or shared-value (Porter & Kramer, 2011). Which generally means the pursuit of both financial performance and social impacts simultaneously. First, social banking are banking products, such as loans and mortgages, that have a explicit social impact dimension

added. For instance, "green" credit funds are loans for environmental and social projects that strive for achieving a social impact towards sustainable development (Weber, 2005). Generally, these specific types of social banking products are considered to be "green" because of the typical sectors that the debtors operate in. Relevant sectors include sustainable energy production, organic farming, fair trade companies, environmentally technology producers, bicycle lanes, and ecological housing. However, social banking credit funds also participate in social sectors, like cultural, education, healthcare, sports and recreation (Weber, 2005).

The next social finance approach is impact investing. Again, this approach aims at generating a social impact, but from an investment view (Grieco, 2015). The field of impact investment has grown significantly recently. Harji and Jackson (2012) and Michelson et al. (2004) explain that its growth could be attributed to a new generation of professionals who are seeking remuneration concurrent to fulfillment of social value.

The final social finance approach is microfinance. Not exclusive to microfinance institutions any longer (Scholtens, 2008), this product aims primarily at alleviating poverty and social inequity typically found in developing regions of the world (Weber & Duan, 2012). This is usually achieved by offering a manageable interest rate on small loans to a group of debtors. This allows the debtors to repay their loan, and the financier to accept the relatively higher risk associated with this demographic because the group of debtors holds each member accountable towards the principle and interest. For the bank, little to no collateral is required because of the group guarantee structure of microfinance.

Social banks have been shown to provide any combination of these three financial products (Matteo et al., 2015). Conventional banks have also been shown to be offering social financial products to its customers (Scholtens, 2009).

2.4 Social Impact Assessment

Various epistemological and theoretical approaches have been developed concerning an entities willingness to assess its social impacts (Grieco, 2015; Menassa, 2010). This section will describe the more prominent theories attempting to explain and predict this behaviour. Moreover, the concept of social impact assessment, which generally includes both measurement and reporting, will be defined. This thesis defines social impacts using the impact value chain, therefore its history, definition, uses, challenges and practice will also be provided. Finally, a review and synthesis of findings from social impact assessment empirical studies will lead to this study's hypotheses.

2.4.1 Social Impact Accounting and Measurement

The program evaluation literature has discussed the assessment of social outcomes and impacts associated with interventions. Recently, this literature field has converged with the corporate sustainability, social entrepreneurship, not-for-profit management, and business and society literary fields. This convergence has offered various approaches to assessing the social impacts of activities: statistical reasoning, impact value chains, and narrative storytelling (Olsen & Galimidi, 2008; Reeder & Colantonio, 2013). Generally, more elaborate approaches to measuring social outcomes associated with organizational activities have focused on social outcomes, primarily

coming from the program evaluation literature (Rauscher, Schober & Millner, 2012), while the initial developments of social accounting focused on the inputs and outputs of organizations (Gray, 1990; Thompson & Cowton, 2004). Maas and Liket (2011) explain that this initial focus was because those aspects of the an organization were directly under control of the assessing organization, which translated well to indicators.

Other types of organizations, such as nonprofits and charities, have approached social impact to some extent through the use of narratives and storytelling as an attempt to demonstrate social impact (Carman, 2009; Emerson, 2003). Statistical studies that investigate the use of social impact assessments of social enterprises is explored later this this chapter.

Nicholls (2009) and Carman (2011) propose that the concepts of assessing social outcomes and impacts from the program evaluation literature can be investigated through the lens of organizational theories. This approach theoretically would allow an assessing entity to better evaluate the effectiveness and efficiency of an intervention from a social impact perspective (Zappalà & Lyons, 2009). Moreover, increasing the understanding of why organizations choose to assess their social impacts would lead to more effective and efficient attempts. Thus, there has largely been a shift in focus to expand indicators used in social impact assessment to include social outcomes and impacts (Grieco, 2015; Kroeger & Weber, 2014; Rotheroe & Richards, 2007). This shift in focus has been perpetuated for a variety of different reasons among conventional and social-oriented organizations that will be detailed in this section.

Why not use traditional financial accounting for social impact assessments?

Before further exploring social accounting and reporting, it is important to explain why traditional financial accounting is insufficient for assessing social impacts. First, traditional financial reporting is generally used to minimize information asymmetries between the reporting organization and its shareholders, effectively becoming a governance tool (Epstein, 2003). The development of social accounting has shown that pure financial accounting has been challenged at assigning a value to ecological and societal value and impacts. Primarily this is because existing financial accounting approaches and standards were not developed to do so (Gray & Bebbington, 2002), leaving the monetization of social impacts to be controversial and challenging (Lamberton, 2005). In an effort to bridge the gaps found in traditional financial accounting, social accounting has been developed.

Social Accounting. The convergence of program evaluation and social accounting can be attributed to the similar underlying purposes of attempting to measure components related to the social impacts of an activity. However, using Lynch-Cerullo and Cooney's (2011) categorization, three important distinctions can be made between these fields. First, is the focus of measurement. The program evaluation literature generally has focused on assessment of the inputs, activities, outputs, outcomes and impacts associated with an action, activity, program or policy (Rauscher et al., 2012), which is known as the Theory of Change. Whereas, the social accounting approach has focused on the relationships between ecological inputs and outputs (Gray & Bebbington, 2002; Lamberton, 2005).

31

The second distinction pertains to the differences in the temporal scale of assessment. Evaluations are usually done at the end of a program, or less frequently are conducted at predetermined stages of a program. In contrast, the performance measurement found in social accounting is conducting more frequently and tends to resemble the reporting cycles of traditional financial accounting (Lynch-Cerullo & Cooney, 2011).

The assessing entity is the final distinction between these two fields. For evaluations, a third-party external to the intervening organization conduct the social impact assessment, whereas for social accounting, internal employees typically take on the responsibility (Lynch-Cerullo & Cooney, 2011).

Social Impact. Social impact is a commonly used word in sustainability-related reports and literature. However, Matteo et al. (2015) and Maas & Liket (2011) provide a specific definition of what a social impact is. Unlike the traditional return on investment metric found in finance, social impacts associated with activities are difficult to conceptualize in the application (Clark et al., 2004; Emerson, 2003; Reeder & Colantonio, 2013; Wood & Leigton, 2010).

However, a common theme in conceptualizing social impacts is the notion of change to relationships between organizations, people, policies, programs and activities and their surrounding social and environmental systems (Epstein & Yuthas, 2014; Wood, 2010). Literature has focused on assessing the direct social impacts of organizations, especially those that operate in highly environmentally-sensitive areas (Wood, 2010), however increased attention is being paid towards indirect impacts and other types of

organizations. This includes social impacts associated with supply chain and procurement, end-of-life of products (Wood, 2010), and financial products (Weber, 2014b). In addition, the social impacts of non core activities of organizations, such as philanthropy, has become of research interest (Liket & Maas, 2015; Maas & Liket, 2011). Additionally, the social missions embedded in the core activities of social enterprises has researchers interested in the social value assessment approaches being employed (Grieco, 2015).

Another important distinction of social impacts are that they can be positive or negative, intended or not intended (Rauscher et al., 2012) and immediate, intermediate or long term (Hadad & Găucă, 2014). Related to the timing of social impacts, Matteo et al. (2015) explains that impacts can start as positive, but could evolve into being negative. Matteo et al. (2015) also provides examples of positive and negative social impacts:

- Customers: filling a need and the associated benefits of providing this solution
- Employees: employment, safe and healthy working environments; increased wages and employment benefits
- Local communities: lower crime rates, increased local wealth, increased offerings of education, health, employment, arts and culture, sports and recreational activities, and social infrastructure.

Alternatively, negative social impacts include: gender, cultural, heritage and social equity issues and loss of employment. From an environmental perspective, social impacts include: pollution, natural resource consumption, generation of waste, depletion of ozone layers, and water discharges (Parker, 1997).

With both positive and negative social impacts, there is the notion of their comparisons. Literature has agreed and offered many explanations to the challenges of comparing different types of social impacts (Emerson, 2003; Gray et al., 2009; Nicholls, 2009). Generally, it is that the value of the social impacts is not standardized or well understood. For instance, social impacts in one geographic region could be valued differently compared to another. Moreover, considering the intergenerational differences in social impact valuation increases the comparative complexities. Lastly, social impacts are measured differently. Broadly, this stems from a lack of standardization in assessing social impacts and the various social accounting systems that have been developed (Hadad & Găucă, 2014; Kroeger & Weber, 2014; Nicholls, 2009). However, Kroeger and Weber (2014) have developed a conceptual framework that theoretically would allow for social impact comparison between different and unrelated interventions by using the concepts of social well-being and organization effectiveness (Nicholls, 2009).

Being dynamic and diverse, the program evaluation literature has established an approach to assessing social impacts. The next section will introduce this approach and explain its advantages and challenges.

Impact Value Chain. Authors have offered the general framework of the impact value chain to the social impact assessment field as an approach to assessing social impacts (Clark et al., 2004; Epstein, 2003; Olsen & Galimidi, 2008). The impact value chain emanated from the concept of the "Theory of Change", which has been an approach in the program evaluation literature in planning a social impact intervention (Stein & Valters, 2012) and was developed by the USAID in the late 1960s (Ebrahim and

34

Vijayaraghavan, 2014). A common iteration is based on Weiss (1995) (as cited in Funnell & Rogers, 2011), which explains that this approach is built on the assumption that programs are based on explicit theories, and therefore can be evaluated following those theories. Like many other aspects to assessing social impacts, there are no clear definitions for the impact value chain, but both academic (McLaughlin & Jordan, 1999) and practitioner literature (Epstein & Klerman, 2012) have provided instructions on developing and using this approach to assessing social impacts.

Literature has presented the concept of Theory of Change and impact value chain under various terms. Funnell and Rogers (2011) lists: chains of reasoning, causal chain, causal map, impact pathway, intervention framework, intervention theory, logic model, logical framework, logframe, mental mode, outcomes hierarchy, outcomes line performance framework, reasoning results map, results chain, theory of action, theory-based evaluations, and theory-driven evaluation. Although there are many names to this approach of assessing social impacts, the underlying framework is relatively similar (Funnell & Rogers, 2011).

The framework of the impact value chain is built on four causally linked components: inputs, activities, outputs, outcomes and impacts (Jackson, 2013; Zappalà & Lyons, 2009). One way of conceptualizing an impact value chain of an intervention is by creating a a linked system where each component can have an indicator (Figure 1).
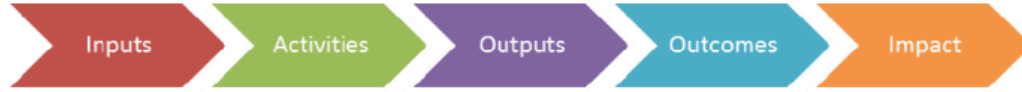
Inputs	Activities	Outputs	Outcomes	Impact
Resources (buildings, staff)	Concrete actions	Tangible products and services from the activities	Changes resulting from the outputs	The combination activities, outputs and outcomes, adjusted for what would have happened anyway, actions of others, and for unintended consequences
£50,000 capital invested, 5 people working on the project, then 1 teacher and £15,000 per annum	Land bought, school designed and built	New school built with 32 places and courses for 24 run by 1 teacher	24 students gaining better numeracy and literacy skills	New school in the area and a number of students gaining better education

Figure 1. Impact Value Chain with Illustrative Example. Reprinted from *Measuring Impact and Non-Financial Returns in Impact Investing: A Critical Overview of Concepts and Practice* (p. 10), by Reeder & Colantionio, 2013.

Its focus on causal pathways allow the assessment of different flows of tangible and intangible resources associated with an activity. The framework begins with inputs, which are the human and capital resources that are invested in an activity (Hadad & Gāucā, 2014). These inputs are used directly to produce the desired outputs associated with the specific activity (Mateo et al., 2015). The activities are those that are directly related to the development, achievement or production of the chain's outputs (Funnel & Rogers, 2011). The result of the activity is known as the outputs. These are direct contributions from the program, policy or product (Funnel & Rogers, 2011; Hadad and Găucă 2014; Rausher et al., 2012). Usually, outputs are the quantitative summary of the activity (Nicholls, 2009) that can be measured and assessed directly (Grieco, 2015). The outputs include both the desired outputs of the activity (e.g., widgets manufactured) and undesired outputs (e.g., material waste and emission of various pollutants). Next are the

outcomes directly associated with the outputs of the activity. Generally, outcomes are the social and/or environmental conditions that have been applied towards the assessment's beneficiaries post delivery of the outputs (Hadad & Găucă, 2014). Generally, these outcomes could be changes in: Knowledge, behaviour, or physically surroundings (Grieco, 2015). Coryn, Noakes, Westine & Schroter, 2011) and Funnel and Rogers (2011) explain that depending on the type of activity, intermediate outcomes can be added to the impact value chain. For instance, immediate outcomes could be short-term outcomes that come directly from the outputs and intermediate outcomes are linked to the immediate outcomes. These added dimensions to the impact value chain can be useful when trying to assess long-term social outcomes, or if the activity is indirect in nature. For financial institutions, their products are services are generally intangible, thus do not directly impact society and the natural environment (Jackson & Tarsilla, 2013). It is how their products and services are used that result in social outcomes. Finally, impacts are the outcomes that have taken place with the 'deadweight' deducted (Hadad & Găucă, 2014).

Matteo et al. (2015) describes deadweight as three influences that can alter the calculation of impacts. First, there are the social outcomes that would have happened anyway. As a conceptual systems approach to assessing social impacts, there are external factors to the intervening organization that can concurrently be working towards developing positive social impacts. Subtracting the degree of social outcomes that was developed by an external force provides more accurate assessment of social impact (Matteo et al., 2015; Rauscher et al., 2012). Second, attribution is added to the

deadweight value (Reeder & Colantonio, 2013). This pertains to the degree of the social

outcome which can be directly related to another organization that is concurrently

working towards the same social impact with the same beneficiaries. The final

component of calculating deadweight in the impact value chain is displacement. This

refers to the planned and unplanned, positive and negative social impacts that can arise

from social outcomes. For instance, the conflicting impact of gentrification could be

caused by a new train station (Reeder & Colantonio, 2013).

Considering that the Theory of Change is regarded, normatively as a best practice

in the evaluation literature, the impact value chain resembles similar value, but from a

performance measurement perspective (Matteo et al., 2015). This is because its

conceptual framework can be used as a foundation for an organization to develop a social

accounting system that is ongoing and can be reported to internal and external

stakeholders (Matteo et al., 2015; McLaughlin & Jordan, 1999; Zappalà & Lyons, 2009).

The value of this approach stems from its ability to show an organization their causal

linkages with society and the environment (Clark & Brenan, 2012; Zappalà & Lyons,

2009), which can be challenging considering the complexity of social impacts. Funnel

and Rogers (2011) list the various dimensions of social impacts are being intended and

unintended, positive and negative, and short and long term (Epstein & Klerman, 2012).

Another aspect of the impact value chain that makes it one of the best practices in

social impact assessment is its flexibility in being able to be used by organizations of

various types and sizes (Jackson, 2013) and at varying levels of analysis (product, policy,

program) (Bonini & Emerson, 2005; Coryn et al., 2011). In addition to the different

38

levels of analysis, the impact value chain can also provide flexibility in the scale of the

implied impact (Jackson & Tarsilla, 2013). This scale broadly contains micro impacts

(individual, household, community), meso (assessing organization), and macro (regional

or policy) levels (Grieco, 2015).

Progressing, there are both internal and external benefits of using the impact value

chain as a foundation for a social accounting system. First, internally, this type of system

can help initially develop the theory of the social intervention that the organization is

looking to create (Funell & Rogers, 2011; Jackson, 2013). Related, performance

measurements of the social outcomes and impacts associated with an organization's

outputs can encourage staff to see how this specific project, policy, or product is viewed

within the wider organizational mission (Funell & Rogers, 2011; Zappalà & Lyons,

2009).

Externally, the performance resulting from the impact value chain can be

communicated to stakeholders, potentially fulfilling concerns of accountability and

legitimacy (Epstein & Klerman, 2012; Jackson, 2013; McLaughlin & Jordan, 1999;

Rauscher et al., 2012). Depending on the reporting requirements of the external

stakeholders, impact value chain can be used in tandem with other social accounting

performance approaches (Jackson, 2013).

There are also some disadvantages of using the impact value chain. First, although

it is one of the approaches strengths, the over-simplification of social impacts and reality

can lead to a misrepresentation of reality (Zappalà & Lyons, 2009). For instance, the

approach assumes a degree of causality. However, there could be less visible exogenous

variables that influence the social impacts. Related, this approach assumes a linear approach, but social impacts are dynamic. Furthermore, measuring the inputs associated with social activities is not as straightforward as conventional business activities (Nicholls, 2009). Many social activities rely on grants, volunteers, revenue and social capital. These inputs can make it more difficult to gauge how these inputs contribute to specific activities. Moreover, it can be challenging to assess the deadweight component of the impact value chain.

Calculating the deadweight is very challenging and has restricted the implementation of a comprehensive impact value chain on many occurrences (Arvidson et al., 2010; Reeder & Colantonio, 2013). Moreover, a very sophisticated social accounting system is required to appropriately assess the performance of a full impact value chain (Zappalà & Lyons, 2009). In response, many applications have resorted to assessing the impact value chain from inputs to outcomes.

Although the impact value chain can be challenging to implement, Ebrahim and Vijayaraghavan (2014) argue that organizations do not need to, nor is it desirable for them to assess the social impacts of all their activities. Most important is determining which social impacts are primary to their mission and assessing those.

Literature on the impact value chain has focused on its theory and potential benefits to assessing social impacts in organizations (Epstein & Klerman, 2012; McLaughin & Jordan, 1999), with its limited application attention focusing members of the financial sector (Grieco, 2015; Jackson, 2013; Jackson & Tarsilla, 2013). It is unclear

what the gap currently is between the theoretical best practice of the impact value chain as a social impact assessment approach and its application in the real-world.

2.4.2 Willingness to Assess Theoretical Framework

Clarkson et al. (2008) categorizes three primary approaches to empirical investigations in social accounting. First, there are studies that examine the valuation relevance of corporate sustainability performance information to its external stakeholders, usually focusing on investors. Second, there are investigations that try to further the understanding of an organization's decision to assess their sustainability-related performance. These studies typically find that there are various strategic motivations that encourage organizations to disclose sustainability-related information to its stakeholders. Finally, there are studies that try to assess the correlation between organizational factors, both internal and external, that are associated with corporate sustainability-related performance and disclosure.

Studies on corporate sustainability-related performance and disclosure are grounded in various theories that try to explain and predict behaviour. Gray et al. (1995) describes three general groupings of these theories: Decision-usefulness approaches which overlap with economic theories (agency theory and positive accounting theory), and social and political theories. Agency theory (Watts & Zimmerman, 1978), which is typically combined with signal and cost-benefit theories (Alberici & Querci, 2015), tries to explain and predict voluntary accounting practices as a method for reducing current

and future agency costs. Generally, agency theory suggests that voluntary assessment analysis and reporting will be provided if the benefits outweigh the costs.

Another economic extant theory used in previous investigations is positive accounting theory. This theory posits that organizations will disclose sustainability information to reduce information asymmetries and send a signal that the organization is managing their sustainability-related risks and opportunities appropriately (Brammer & Pavelin, 2008). This has the potential to stave off costs and legislation (Jensen & Meckling, 1976).

Both agency theory and positive accounting theory focus on wealth maximization, neglecting the presence of social and political pressures (Menassa, 2010). The socio-political branch of literature, which includes legitimacy theory and stakeholder theory, view organizations through systems-oriented lenses, which focuses on the role of information and disclosure in the relationships between various external pressures (Gray et al., 1995; Lindblom, 1994). The proponents of these theories attempt to explain this phenomenon through concern with the continuity of their businesses or activities (Deegan, 2002; Gray et al., 1995; Roberts, 1992). Generally, disclosure is regarded as a tool in negotiating the organization with its various stakeholders (Roberts, 1992).

Legitimacy Theory. Legitimacy theory posits that organizations maintain their legitimacy, status, and reputation through social disclosure. This theoretical approach to disclosure investigation is commonly used (Abbott and Monsen, 1979; Deegan, 2002; Roberts 1992). Effectively, organizations disclose sustainability-related information to secure a 'license-to-operate' (Deegan, 2002) to access the necessary resources to

42

successfully conduct their operations. The perception of acceptability of an organization's operations is reliant on the underlying values of the societal system that the central organization is a member of (Suchman, 1995).

As a socio-political theory, legitimacy theory is considered a systems-oriented theory with a conflict component (Gray, Owen & Adams, 2009). The underlying assumption is that poorer performers will disclose a higher quality of social impact measurement as a way of diffusing its critics' allegations (Cho & Patten, 2007; Suchman, 1995). Lindblom (1994) explains that there are four strategies that organizations will use to secure its legitimacy: educate its stakeholders; alter perceptions of the issue; distract or manipulate stakeholders' attention away from the issue; seek to change performance expectations.

Threats to legitimacy can arise for a variety of reasons. For instance a detrimental event could expose an organization or the industry to legitimacy risk (Deegan, 2002). Moreover, the dynamism of legitimacy can be difficult for organizations to conceptualize because societal values and expectations change over time (Deegan, 2002; Lindblom, 1994).

Stakeholder Theory. The other socio-political theory that attempts to explain and predict sustainability-related disclosure is stakeholder theory. In their review, Gray et al. (2009) found that stakeholder theory is used frequently as a conceptual framework in social accounting studies. Broadly, a stakeholder is an individual or organization that has an interest in the operations and its resulting performance of another organization (Freeman, 1994).

Given its popularity, it is important to be cognizant of the two primary forms of stakeholder theory (Deegan, 2002). Broadly, there is a normative and a managerial perspective of stakeholder theory. The normative view provides prescriptions in terms of how organizations ought to treat their stakeholders, with the degree of attention towards stakeholders depending on the degree of interest a stakeholder has in the organization (Donaldson & Preston, 1995). The normative view of stakeholder theory struggles with explaining and predicting behaviours of organizations (Deegan, 2002). Conversely, the iteration of stakeholder theory that is from a managerial perspective focuses on the need to manage stakeholders (Ullman, 1985). Similar to the normative approach, the degree of importance of the stakeholders to the central organization is important. The managerial approach assumes that the more powerful a stakeholder is to an organization, the more effort will be invested in meeting those stakeholder demands (Deegan, 2002).

This theory proposes that the different perspectives and expectations of stakeholders need to be taken into account. Stakeholders are anyone who is interested in an organization (Donaldson & Preston, 1995). An organization's stakeholders are not homogenous. Each theoretically would value different information in different ways depending on their respective value system and interest in the organization (Ullman, 1985). Taticchi, Carbone and Albino (2013) provides two examples of stakeholders that would be interested in an organization. First, shareholders are interested in financial information and material ESG issues that may impact profit. Second, employees would be interested in labour policies, remuneration practices, and the social performance of the organization.

Multi-theoretical Framework. Authors have argued that investigating disclosure with a framework that considers legitimacy theory and stakeholder theory as two competing and unrelated theories is inappropriate (Deegan, 2002; Gray et al., 1995). Tagesson et al. (2009) explains that since these two extant theories have many components that overlap, and that the nature of sustainability-related disclosures are multifaceted, using them in conjunction potentially allows for a more suitable theoretical framework.

This thesis' conceptual framework is based on a multi-framework approach because its approach to evaluating disclosure and its sample are dynamic. First, the quality of social impact assessment, or willingness to assess, is based on the impact value chain. This thesis has described how this approach can be complex if best practices are followed. Moreover, the organizations under investigation are both conventional and social banks. Within these types of banks there is potential for social impact assessment in three activities areas: internal operations, banking and investment products and services, and philanthropy activities. Next, the motivators and challenges associated with social impact assessment at the organization-level will be described.

2.4.3 Social Impact Assessment Motivations

The value of social impact assessment between conventional and social-oriented organizations are relatively similar. Two categories of benefits for assessing organizations have been established by literature. First, there are internal benefits that encourage the improvement of social impact management. These benefits are largely

associated with the social impact measurement, and its ability to influence management. Secondly, the social impact disclosure of performance can be used strategically when communicating with external stakeholders and forces.

Internally, social impact measurement can inform the decision-making within an organization. There is evidence for both conventional (Adams & Frost, 2008; Keeble, Topiol & Berkeley, 2003) and social-oriented organizations (Ebrahim & Vijayaraghavan, 2014) that impact measurement led to improved performance (Adams & McNicholas, 2007). There are various aspects that could lead to improved performance through measurement. First, these improvements could be attributed to enhanced understanding of the contexts and systems that organizations operate in (Adams & Frost, 2008; Clark & Brennan, 2012). With a better understanding of their role, social impact measurement can help formulate strategies and identify threats and opportunities (Parker, 1997), which could lead to both enhanced social and commercial value (Funnell & Rogers, 2011; Olsen & Galimidi, 2008). Lastly, showing the positive contributions of an organization can increase employee pride and loyalty, potentially increasing worker productivity (Esteves et al., 2012).

From an external perspective, there are various motivations to assess the social impacts associated with an organization. First, disclosing social impact performance may help build legitimacy if the organization or industry's activities are called into moral or ethical question (Nicholls, 2009; Deegan, 2002). Using relatively traditional banking products to achieve a positive social impact can risk loss of legitimacy if appropriate social impact disclosure is not provided (Carroll, 2000; Grieco, 2015; Matteo et al. 2015).

46

The risk of greenwashing accusations would be present in both conventional and social banks and their respective offerings of sustainable finance products and services (Windolph, Harms & Schaltegger, 2013). Furthermore, displaying performance measurement communicates that assessment is occurring, which could lead to reputational benefits as competent sustainability managers (Ullman, 1985). Related, disclosing social impact performance can potentially show that regulation is not needed (Brown & Fraser, 2006). The risk of increased governmental control is significant within the banking sector because the sector already is heavily regulated (Scholtens, 2008).

From an accountability perspective, stakeholder theory suggests that organizations are more likely to disclose social performance information when there is interest in the information from powerful stakeholders (Deegan, 2002). Recall, that powerful stakeholders are those people, organizations and institutions that can directly inhibit an organization from achieving its mission. Although the direct social impacts of banks pale in comparison to other industries, it is the risk of future regulations towards their portfolio that cause investors to demand performance information (Keollner et al., 2007). For social banks, their accountability is at risk between them and their depositors, funders and investors. Generally, these social bank stakeholders are looking for a social impact from their money (Grieco, 2015; Matteo et al. 2015; Weber & Remer, 2011: Weber, 2011). Failing to demonstrate a positive social impact may lead to accusations of mission measurement paradox, which Hadad and Găucă (2014) explain is a disconnect between mission, objectives and impact measurement. This gap between actual performance and disclosure is also a risk for conventional organizations, where this contradiction has been

47

shown (Brown and Fraser, 2006).

An interrelated benefit category of social impact assessment is the potential for enhanced competitive advantages. In addition to the internal benefits described above, evidence of positive contributions towards sustainability can resonate within customers, increasing demand for the assessing organization's products (Bhattacharya & Sen, 2004). For banks, disclosing positive social impacts may be rewarded with additional funds from clients who are interested in social impacts (Clarkson et al., 2008; Grieco, 2015; Straub, Koopman & van Mossel, 2010). Thus, it is evident that providing social impact assessments can have both a business case and sustainability case. However, there are inherent challenges in the practice of social impact assessments, which are explored next.

2.4.4 Social Impact Assessment Challenges

There are a number of challenges associated with assessing social impacts, which primarily stem from the underlying dynamism of conceptualizing social impacts (Carroll, 2000). As described earlier, social impacts are considered dynamic and long term in nature. Therefore, accounting for impacts through time can be challenging given they may change from positive to negative or vice versa, increase or decrease in magnitude and potentially lead to indirect impacts that are not the focus of the social impact assessment. Additional concerns deal with the requirements and processes associated with conducting a high quality comprehensive social impact assessment. Moreover, determining the causal linkages between an organization's activities and the resulting outcomes and impacts can be difficult to connect because of a vast array of additional

48

relevant variables, such as larger political, social, cultural and economic systems (Maas & Liket, 2011).

Next, there are certain types of social impacts that are difficult to quantify and therefore assess from a rigorous perspective. Generally, the more "soft", or social the social outcomes or impact, the more challenging it is to assess it. For instance, Wood et al. (2010) explains that the social impact of "awareness" associated with lobbying are difficult to assess without conducting clinical experimental investigations. Moreover, how can assessments demonstrate that an organization's lobbying activities had an impact on the decisions of governments?

Especially significant to this thesis is the social impact of banking institutions. Authors have explained that assessing the social impacts of financial intermediaries' products is inherently challenging because it is not direct (Scholtens, 2008; Soppe, 2004). In other words, it is not the product itself that has a primary impact, but the activity that the product is facilitating that leads to the positive or negative impact. Moreover, there are also added challenges with assessing different types of social impacts associated with the various industries that banking institutions support (Scholtens, 2008).

The next category of challenges associated with conducting social impact assessment concern the inputs required to develop the necessary infrastructure and capacity. A primary problem is the fragmentation of different approaches to assessing social impact (Grieco, 2015; Maas & Liket, 2011; Matteo et al., 2015; Reeder & Colantonio, 2013; Wood et al., 2010). Although many approaches are based partially or fully on the impact value chain, there are alternative approaches altogether. The common

49

approaches will be described later in this literature review. A lack of standardization

introduces issues in consistency, transparency and credibility of the social performance

measurement, and consequently its reporting (Matteo et al., 2015).

Another significant challenge to conducting social impact assessment are the costs

and time required (Clark & Brennan, 2012; Vanclay, 2004), especially for the

stakeholders expecting an organization to conform to following an approach that has

many components. For instance, the GRI reporting framework and its industry

supplements have been criticized for containing too many indicators that may not be

material, or that are difficult to integrate into decision-making (Milne & Gray, 2013).

These costs can be especially significant for newly formed organizations where there is

less flexibility in budgets (Ebrahim, 2003). However, authors have argued that the costs

of a social accounting system can be budgeted for and social accounting systems can be

slowly developed (Parker, 1997). For instance, Liket and Maas (2015) explain that a new

social accounting system, one that is based on the impact value chain, can initially

capture immediate outcomes, and then further develop as the social outcomes and

impacts form. This way the personnel behind the assessment is given time to gain the

capacity to conduct a high quality social impact assessment. However, Lynch-Cerullo

and Cooney (2011) remain skeptical that the appropriate training can be effectively

gained with a currently unstandardized expectations and practices.

2.4.5 Criticisms of Social Impact Assessment

Criticisms of social impact assessment have also risen since its related academic fields have developed and converged. First, social impact assessment and its motivators may invoke strategic behaviour that risks compromising the mission of the activities and organization (Bonini & Emerson, 2005). This could also lead an organization to remain business-as-usual if it is performing well. Polonsky and Grau (2011) and Straub et al. (2010) warn that many social enterprises have established themselves because they were innovative in approaching impacting sustainability. Related, assessing social impacts of an organization does not guarantee that they are using that data to inform their decision-makers (Liket & Maas, 2015), making its reporting a marketing ploy or a form of greenwashing (Gray, 2006). Another commonly introduced issue underlying social impact assessment is the risk of withdrawing resources away from the core businesses of social enterprises and corporate sustainability activities' limited budgets (Wood et al., 2010).

2.4.6 Social Impact Assessment of Banks

There is no single way of measuring an organization's social impact (Turker, 2009). Authors consistently conclude that there are many approaches to conducting social impact assessment, with differing levels of extent, quality, credibility, consistency and materiality (Bonini & Emerson, 2005; Chmelik, 2012; Ebrahim and Vijayaraghavan,

2014; Emerson, 2003; Grieco, 2015; Maas & Liket, 2011; Matteo et al., 2015; Rahman & Hussain, 2012; Reeder & Colantonio, 2013; Turker, 2009; Wood et al., 2010). An important distinction in the field of social accounting is the difference between frameworks and methods. Grieco (2015) explains that methods are models that attempt to provide the assessing organization with appropriate indicators. Conversely, frameworks are structures for organizations to develop, plan and implement performance measures into their social impact assessments. A review of previous and current social impact measurement approaches is outside the scope of this thesis (see Reeder & Colantonio, 2013), but three common approaches are briefly described.

Social Return on Investment. Developed by the Roberts Enterprise Development Fund, a recent addition to the plethora of social impact assessment approaches is the social return on investment (Nicholls, 2009). This approach has quickly become one of the most investigated social impact assessment methods (Emerson, 2003; Maas & Liket, 2011; Nicholls, 2009). Generally, this approach stems from the combination of the financial concept of return on investment and the impact value chain by placing a financial value on the social impacts that an organization develops (Rotheroe & Richards, 2007).

Broadly, Reeder and Colantonio (2013) describes the steps to developing a sophisticated SROI analysis as: identifying and engaging relevant stakeholders; assessing the outcomes and/or the social impacts that can be attributable to the assessing organization; and estimating the financial values of those outcomes and/or impacts based on the stakeholders' value and philosophical systems. Then, the determined financial

values for the inputs and social impacts are discounted back towards the present to result

in a ratio of costs to social impacts (Nicholls, 2009; Rotheroe & Richards, 2008; see

Grieco, 2015 for a detailed example). This ratio can then be used by internal and external

stakeholders in selecting the most optimal source of social impacts (Ryan & Lyne, 2008;

Weber, 2013). The motivation to monetize social impacts, that is to convert social

impacts into a monetary value, is to allow managers of organizations to understand how

its relationship fits into their strategy and budgeting, and to attempt to optimize its

impacts using the a costs per defined impact ratio (Wood et al., 2010). Overall, a

sophisticated SROI accounting system can be challenging because of difficulties in

calculating social outcomes and impacts, the controversies associated with monetizing

social impacts and the costs it requires to do so (Arvidson et al., 2010; Reeder &

Colantonio, 2013; Weber, 2013). This has led to the development of 'SROI-Lite', which

asks the assessing organization to select and define its most important output. Then the

unit cost of each output can be compared to the ratio cost of successful outputs (Olsen &

Galimidi, 2008; Reeder & Colantonio, 2013).

Triple Bottom Line Reporting and the Global Reporting Initiative. Originally

meant to be a more of philosophy or doctrine in terms of thinking about sustainability, the

triple bottom line approach to social accounting has become very popular (Milne & Gray,

2013). Emanating from the work of Elkington (1998) at the consultancy company

SustainAbility, this approach adds a social and environmental component to the financial

bottom line (Vanclay, 2004). This specific doctrine has largely been adopted by the

Global Reporting Initiate, one of the more popular choices in conducting a social impact

assessment (Gray 2010; Wood et al., 2010). Within this approach are monetary, economic, social and environmental performance indicators. However, critics have argued that many of the indicators of GRI focus on the inputs, activities and outputs of an organization, inhibiting an appropriate assessment of its contributions towards sustainability (Gray, 2006; Wood et al., 2010). Also, GRI focuses on components of corporate sustainability that are considered to be objective in measurement (i.e., quantity of carbon emissions), effectively neglecting many social outcomes. These criticisms combined do not encourage a deviation from business-as-usual, argues Milne and Gray (2013). The design of the GRI standard has been noted to cater to organizations' primary stakeholders. This generally includes investors, suppliers, and government (Gray, 2010).

Narrative Storytelling. The final social impact assessment approach to be introduced is narrative storytelling. This approach is the least rigorous because it relies on subjective communications from the beneficiaries, hence it receives criticisms of being the least reliable. Chmelik et al. (2015) explain that this approach is heavily qualitative, thus lacks measurement and assumes impact, and is meant to develop a emotional relationship between the donors or funders and the beneficiaries. The narrative storytelling approach has been heavily used in the non-profit and charity sectors for many years (Grieco, 2015).

2.4.7 Previous Relevant Social Impact Assessment Studies

Overall, there are three broad approaches to investigating social accounting and its related reporting (Clarkson et al., 2008). This thesis is focused on better understanding

the factors associated with a high quality of social impact assessment or in other words, a willingness to assess of conventional and social banking organizations. This section will briefly discuss the types of studies that this area of literature has focused on, a brief discussion of research approaches concerning the measurement of contributions towards sustainable development within studies, and finally previous relevant reporting studies will be synthesized. The previous studies focus on a wide range of organizational types. This is partially due to the comparative nature of this thesis, but also shows a lack of attention paid towards social banks and the analysis of social impacts of the banking sector from a statistical study perspective.

First, it is clear that a significant area of sustainability-related reporting literature has focused on the relationship between financial and social performance of organizations. Many authors have conducted meta-analyses on this topic, with studies finding mixed, negative, and no association, but generally concluding that a slight positive correlation exists (Margolis et al., 2007; Orlitzky, 2007; Wood, 2010). Specific to the international financial sector, Chih et al. (2009) found the correlation between financial and social performance to be relatively small. Maas and Liket (2011) argue that further understanding of the interrelationships between financial and social performance are required, especially for the organizations with a dual mission at their core activities.

Evaluating Social Impact Assessments. Regarding the evaluation and development of social performance data of sustainability-related reporting, content analyses are a common approach. Generally, this approach involves "codifying qualitative information in anecdotal and literary form into categories in order to derive

55

quantitative scales of varying levels of complexity" (Abbott & Monsen, 1979, p. 504). A

common approach to operationalizing the evaluation of sustainability-related reports is

the counting of words, sentences, and pages (Fifka, 2013; Hook & van Staden, 2011).

However, even with the different units of counts in content analyses, there is still a risk of

infringed accuracy from different disclosure behaviours (Fifka, 2013; Milne & Gray,

2013). Brammer and Pavelin (2008) describe two polar content analysis approaches.

First, there are approaches that focus on the extent or quantity of the content in

sustainability-related disclosures, usually neglecting concerns of quality. In contrast,

there are content analyses that focus on evaluating the quality of the content of the

reports. However, there is a gap in literature concerning the evaluation of the social

impact assessments communicated by banking organizations.

Another approach to measuring the social assessments reported by organizations

is through the use of social disclosure indices. This approach allows for comparison

between organizations based on performance against the components contained within

the instrument. The components of the index typically concern the items or themes that

should be present in the reporting (Hook & van Staden, 2011). A problem with using this

approach as a proxy for social impact assessments is that the methodologies are not

always transparent. For instance, the evaluative approaches of the social assessments

reported is unclear.

A final common approach is the use of reputation or reporting indices or

databases. For instance, Alberici and Querci (2015) use GRI data from their online

database that ranks organizations based on the extent of their reporting. An overall

weakness of this method is similar to the inherent weaknesses in the GRI standard regarding assessing social impacts, which Gray (2010) and Milne and Gray (2013) explain is a lack of indicators that extent beyond the inputs, activities, and outputs associated with an organization. This is especially significant for organizations in the financial sector because the majority of its impacts are associated with their financing activities, yet the GRI standard and its Financial Sector Supplement does not provide guidance in assessing these impacts (Geobey, 2014).

2.4.8 Previous Relevant Studies

Next, the previous studies that are relevant for this thesis are synthesized. Using sustainability-related reports, Scholtens (2009) investigated the social performance of the international banking sector. Likely from of data limitations, Scholtens (2009) study lacks two important components to assessing the social impacts of the financial sector. First, his evaluative framework neglected the indirect impacts of the banking sample. Second, although the direct environmental impacts associated with the internal operations of the banks were considered, social outcome and impact indicators were neglected. Overall, he concluded that the international banking sector are showing an increase of corporate sustainability activities with the development of more sustainability-related financial products and policies. Similarly, while also focusing on the activities of the international financial sector, Chih et al. (2009) came to a similar conclusion. They suggest that the size of the financial sector organization is a primary determinant in explaining the willingness to develop sustainability-related activities.

Another research study on the reporting of financial intermediaries was conducted by Alberici and Querci (2015), who also did not assess indirect social impacts. In this study, the dependent variables of social performance included internal operations and the environment; activities regarding the reduction of waste, materials, energy, carbon emissions and water, and; disclosures of monetary investments towards managing impacts associated with internal operations. The authors found that their dependent variables were clustered, and again a correlation of size was found for the adoption and development of sustainability-related activities. In addition, Alberici and Querci (2015) add that other variables with a positive associations with social performance: profitability, national economic wealth, and national environmental performance.

Lock and Seele (2015) conducted a quantitative content analysis on 437 sustainability-related reports from both the chemicals, and banking and insurance sectors in Germany and Switzerland. Using a benchmarking approach, they found that financial institutions focus a significant amount of their disclosure towards governance activities, while the chemical industry focuses more on communicating their social and environmental impacts. The authors posit that the disclosure behaviours of the financial sector could be in response to a loss of legitimacy that is associated with the financial sector's participation in the recent financial crisis. Again, the authors did not include an assessment of indirect social impacts in their study. Therefore, it is evident that a statistical study that investigates the reporting of indirect social and environmental impacts of banking organizations, both conventional and social, has not been conducted.

Another sector that has received attention of researchers and the evaluation of social impact assessment behaviours are nonprofit organizations. Wood et al. (2010) found that the majority of social enterprises that report a social impact assessment focus on output indicators as opposed to social outcome indicators. Further, of the rare occurrences of social outcome indicators reported, the unit of analysis was on a project-level. Interestingly, Wood et al. (2010) found that medium-sized nonprofits seem to be more willing to assess their social impacts than their larger counterparts. They suggest that this is done strategically as a way to differentiate themselves during any grant and financing distribution processes.

Grieco (2015) conducted another statistical investigation that focused on the willingness to assess social impacts of social enterprises. Like previous studies, she found a positive association between reporting of assessments and organization size. Interestingly, she also found a positive association for innovativeness. Suggesting that social enterprises, as an innovative business model, that offers innovative products and services will use social impact assessments as a way to communicate their achievement of their social missions. Reporting on the effectiveness of the innovative social enterprises increases their legitimacy as an avenue for financial and social performance (Grieco, 2015).

Both Wood et al., (2010) and Grieco (2015) considered the reporting of social outcome indicators in their studies. However both did not extend its assessments to the other parts of the impact value chain. Moreover, no statistical investigation to date has used the impact value chain as an evaluative framework when assessing the reporting

59

from organizations. There has been one case study that has introduced the impact value chain to an organization, and has demonstrated its operationalization in assessing social impacts. Jackson and Tarsilla (2013) applied this social impact assessment framework of indicators to a credit union. Interestingly, this application included both commercial and social values in its assessments. Further, the authors differentiated the level of beneficiaries (micro, meso, and macro). Similar to other studies, Jackson and Tarsilla (2013) suggest that a social accounting system based on the impact value chain can unlock information on performance, but also inform strategy formulation and decision-making.

From this brief synopsis, it is evident that there are three persistent gaps in literature. First, the impact value chain as an evaluative framework of an organization's social impact assessment has not been carried out in a statistical study. Also, much of the literature concerning social banks have been conceptual and case studies, with limited attention being paid towards them in statistical studies. Finally, the willingness of banking organizations to assess their social impacts to a high quality has not been investigated.

2.4.8 Research Question and Hypothesis Development

As demonstrated in the previous sections of this chapter, a statistical approach to assessing the factors associated with the quality of social impact assessment of conventional and social banks is missing. To fill this gap, selected factors and their related hypotheses will be described in the context of the multi-theoretical framework of

legitimacy theory and stakeholder theory. This has led to the primary research question of: What are the factors associated with the quality of social impact assessments of conventional and social banks?

The quality of the social impact assessments will be evaluated based on the impact value chain. Given the nature of a bank's core activity as a financial intermediary, the assessment of banking and investment activities' associated social impacts using an impact value chain method will be different compared to their internal operations. Assessment of internal operations in this study follows the more straightforward impact value chain (Epstein & Klerman, 2012; McLaughin & Jordan, 1999). Then the banking and investment products, and philanthropy activities follow the impact value chain shown in Jackson and Tarsilla (2013). This latter approach considers the outputs of banks as the successful distribution of its funds and other resources through its financing and philanthropic activities. Again, the definition of outputs are the direct result of the activity under assessment. Therefore, in order to account for the specific uses of the funds and resources, immediate, intermediate and long term social outcome and impact indicators are added to the impact value chain.

Provided that a statistical studying investigated the quality of social impact assessments of banking organizations using the impact value chain as an evaluative framework has not been conducted, the factors for this thesis are generally the most common factors used in reporting studies. These factors are: Bank type, size, net profit, and home country. Each of these will be discussed in turn.

Bank Type. The first factor relates to the type of mission of the banks, which this study dichotomizes into conventional and social banks. This chapter has described the differences between these two types of banks. No previous study has compared the quality of social impact assessments of direct and indirect impacts of conventional and social banks. Using the multi-theoretical framework of this thesis, the hypothesis for this factor can still be developed.

Past disclosure studies have found a positive correlation between organizations with high social and environmental impacts and disclosure (Adams et al., 1998; Fifka, 2013; García-Sánchez, 2008; Hassan & Ibrahim, 2012; Lock & Seele, 2015; Tagesson et al., 2009). Along with financial and other service sectors, these studies generally included organizations from the mining, energy, chemical, and pulp and paper sectors. Leading to the conclusion that the financial sector's reporting performance being comparatively low, with the exception of the reporting of their philanthropic contributions (Tagesson et al., 2009) and governance (Lock & Seele, 2015). However, the participation of banks in the recent financial crisis may have increased motivations to disclose sustainability performance (Bendeikter, 2011; Herzig & Moon, 2013; Lock and Seele, 2015). If the impacts of banks are perceived to be detrimental to social and environmental welfare, disclosure could be a tool to legitimize their activities and show accountability towards their various stakeholders (Deegan, 2002; Gray, 2010). For both types of banks, there are internal and external benefits to assessing their social impacts. The comparative willingness to assess between the two types of banks is unclear. Thus, the resulting hypothesis is:

62

- H_{1a}: Conventional banks assess their social impacts to a higher quality than social banks
- H_{1b}: Social banks assess their social impacts to a higher quality than conventional banks

Size. The variable of size is one of the most frequently used when assessing sustainability-related reporting, and studies frequently find a positive correlation (Alberici & Querci, 2015; Fifka, 2013; García-Sanchez, 2008; Hahn & Kühnen, 2013; Tagesson et al., 2009), with the exception of Roberts (1992). Various proxies for size have been used because the size of an organization could relate to many different factors (e.g., physical footprint, market capitalization, etc.) (Hahn & Kühnen, 2013). Provided that this study is the first effort in investing the direction and strength of the factor of size, the more common size proxies are used. These proxies for size are: Number of employees, number of customers, and monetary amount of assets under management.

From both a stakeholder theory and legitimacy theory perspective, larger organizations are seen to have larger impact towards the economy, society and the environment. Therefore, large organizations would be exposed to more legitimacy pressures (Deegan, 2002; Gray, 2010). Also, larger organizations will have more stakeholders, which will depend more on the success of the organization (Ullman, 1985). Securing legitimacy and managing the accountability of stakeholders would motivate organizations to disclose higher quality social impact assessments. Therefore, willingness to assess in all three activity areas (internal operations, philanthropic activities, and financing activities) is assumed to be positively associated with the size of the banks in this sample. Moreover, larger organizations are assumed to have the administrative and

63

technical capacities required to communicate its social impact performance (Alberici &

Querci, 2015; da Silva Moneterio & Aibar-Guzman, 2010).

For social banks, their dual mission may introduce an aspect which could lead to

different disclosure behaviour. Specifically, larger social banks could be less motivated to

assess their social impacts because their size is assumed to indicate a larger positive

social impact (Trelstad, 2008). Therefore, some of the hypotheses for social banks have

an alternative hypothesis. The associated hypotheses for size are:

Number of employees:
- H_2: There is a positive association between the number of employees of banks and the quality social impact assessment
- H_3: There is a positive association between the number of employees of conventional banks and the quality social impact assessment
- H_4: There is a positive association between the number of employees of social banks and the quality social impact assessment

Number of customers:
- H_5: There is a positive association between the number of customers of banks and the quality social impact assessment
- H_6: There is a positive association between the number of customers of conventional banks and the quality social impact assessment
- H_{7a}: There is a positive association between the number of customers of social banks and the quality social impact assessment
- H_{7b}: There is a negative association between the number of customers of social banks and the quality social impact assessment

Assets under management:
- H_8: There is a positive association between the amount of assets under management of banks and the quality social impact assessment
- H_9: There is a positive association between the amount of assets under management of conventional banks and the quality social impact assessment
- H_{10a}: There is a positive association between the amount of assets under management of social banks and the quality social impact assessment

- H_{10b}: There is a negative association between the amount of assets under management of social banks and the quality social impact assessment

Net Profit. Definitive conclusions on the relationship between financial performance, and sustainability performance and disclosure are unsettled (Orlitzky et al., 2003). In Fifka's (2013) meta-analysis, it was found that 64 percent of studies showed a positive association, while Clarkson et al. (2008) found no association between financial and environmental performance. The proxy of financial performance is often measured with market returns, return on assets, and return on equity (Hahn & Kühnen, 2013). However, in an effort to ensure that both conventional and social banks financial performance date can be collected, the absolute net profit level (Fifka, 2013).

Authors have argued that higher financial performance enables organizations to better manage their sustainability-related performance. If management has the knowledge and expertise to achieve a financial profit, they then have the capacity to manage their corporate sustainability activities and impacts (Tagesson et al., 2009). Higher profits could come with the expectation that more resources are available to go towards sustainability management, and the act of monitoring and reporting performance. Therefore, high profit banks may use social impact assessments to communicate their contributions towards sustainable development as a way of maintaining their legitimacy with society. Related, higher profit organizations could be more motivated to use disclosure as a differentiation strategy among competitors (Tagesson et al., 2009). This differentiation could be applicable to both high profit earning conventional and social

banks (Andrikopoulos & Kriklani, 2013), especially considering their claims of using of banking to achieve a positive social impact.

Progressing there could also be motivations to assess stemming from pressures associated with financial markets. Specifically for conventional banks, its shareholders could demand social impact assessments as a way of showing an efficient and effectiveness use of their funds, and that sustainability-related risks and opportunities are being managed. Considering that the primary goal for conventional banks is to increase financial growth, any deviation from this goal could be met with criticisms. However, social impact assessments could help banks manage their financial-related stakeholders (Neu et al., 1998).

Conversely, there are arguments that both types of banks may not have the motivation to disclose a high quality assessment. The mission of conventional banks are to maximize its profits (Jeucken, 2004). Therefore, for high profitable conventional banks, there may not be the motivation to disclose its sustainability-related performances because they have already achieved their goal. Moreover, their primary stakeholders (e.g., shareholders) may not value the increased quality in social impact assessments. For social banks, its contributions towards sustainability may be assumed given their focus towards banking with the real economy and the industries that are already associated with positive impacts (e.g., renewable energy generation) (Trelstad, 2008). Again, the disclosure behaviour of banks is mixed in the resulting hypotheses:

- H_{11}: There is a positive association between the net profit of banks and the quality social impact assessment

- H_{12a}: There is a positive association between the net profit of conventional banks and the quality social impact assessment
- H_{12b}: There is a negative association between the net profit of conventional banks and the quality social impact assessment
- H_{13a}: There is a positive association between the net profit of social banks and the quality social impact assessment
- H_{13b}: There is a negative association between the net profit of social banks and the quality social impact assessment

Home Country. The final factor to be investigated in this thesis is the home country of the banks. Fifka (2013) found that differences in reporting between countries and regions have been shown. For instance, Hu and Scholtens (2014) show that for banks, there are variations in the activities and its assessments across countries. This could be attributed to different political, social, cultural, and historical factors and stakeholders (Golob & Bartlett, 2007). For instance, more developed regions will have more non-governmental organizations that will be critical of banks, which may lead to a response from the banks (Adams & Frost, 2008). Related, Fifka (2013) explains the degree of development found in a country could indicate the attention paid towards social and environmental activities. However, developing countries may still pay attention to corporate sustainability activities. For example, Kansal et al. (2014) notes that India recently introduced regulations which require business organizations to donate a percentage of their profits towards social impact activities. Therefore, the assessment behaviours of conventional and social banks from different countries remains unclear. Thus, the following hypotheses are:

- H_{14}: There is a difference in quality of social impact assessments and the home country of banks

67

- H_{15}: There is a difference in quality of social impact assessments and the home country of conventional banks
- H_{16a}: There is a difference in quality of social impact assessments and the home country of social banks
- H_{16b}: There is no difference in quality of social impact assessments and the home country of social banks

2.4.9 Summary of Contributions

A significant amount of attention in the social accounting literature has focused on the relationship between financial and social performance. A persistent gap in literature has been the social impacts of the financial sector. Before these investigations can be reliably conducted, additional understanding is required on the motivations of banks to disclose social outcomes and impacts. An interesting participant in the banking sector are the dual-mission social banks, whom have been neglected in previous statistical studies on disclosure motivation. Therefore, this thesis provides a statistically comparative investigation in the motivations of both conventional and social banks to conduct and disclose high quality social impact assessments.

Another contribution that this thesis makes is determining if using the impact value chain is an appropriate method in assessing the banking sector's sustainable development impacts.

Chapter 3: Methods

3.1 Introduction and Research Question

This chapter presents the methodology used to conduct this descriptive and correlational mixed-methods study. The purpose of this study was to assess the relationship between banking organization characteristics and the disclosure of quality social impact assessments. This required a statistical examination between independent variables of organizational characteristics and a dependent variable of quality of social impact assessment. The areas of activity under investigation are internal operations, philanthropic activities and financing (banking and investment) activities. The data used as independent variables are sourced from secondary sources, and the data for the dependent variable of quality of social impact assessment was constructed from each respective banks' sustainability-related reporting. More specifically, the data for quality of social impact assessment was constructed using a social impact assessment disclosure index. This approach to measuring the quality of disclosure is novel, therefore its development will be also described.

The primary research question for this thesis is: What are the factors associated with banking organizations and their disclosure of social impact assessments? Three subquestions contribute to answering this central question, which specify the primary research question to the quality of social impact assessment in three activity areas: internal operations, philanthropic activities, and financing (banking and investing) activities. Each of these subquestions have an associated hypothesis which attempts to

predict the nature of the relationship between the quality of social impact assessment and a single banking organization characteristic. The nature of the hypotheses has been informed by the multi-theory framework of legitimacy theory and stakeholder theory. The organization characteristics included in this study are: bank type, size of bank, profitability and home country. Provided that social banks have largely been neglected in statistical investigations, many of the tests included the complete sample of both types of banks and subsamples of each respective type of bank. This allowed for enhanced observations of nuances between the two types of banking institutions.

Overall, this chapter describes the research design of this investigation's research questions. Descriptions of the sources used for the data for the dependent and independent variables are provided. Furthermore, the procedures for sampling, data collection, and coding are described. Lastly, the approaches to the statistical tests used are outlined.

3.2 Research Design

Overall, this study employed a mixed-method research strategy. However, there are two components to this study. The first was a qualitative description of the best practices of social impact assessment found. The second is a mixed-methods statistical approach approach. The latter follow research design elements typically found in previous relevant literature. Therefore, the majority of this chapter focuses on the research design choices of the mixed-method correlational non-experimental portion of this thesis and its associated variables.

A primary component to any research design is if it is either deductive or inductive. This investigation employs a deductive approach, which means that its hypotheses are developed from existing theory and then are assessed using empirical methods (Saunders, Lewis & Thornhill, 2009). After the assessment of the hypotheses, the chosen theoretical framework is either supported or claims for revisions are offered.

Progressing, this investigation follows a mixed-method research design. Broadly, a mixed-methods research approach is the collection of both quantitative and qualitative data (Creswell, 2014). There are three primary models of mixed-method approaches in social sciences: convergent parallel mixed methods, explanatory sequential mixed methods, and exploratory sequential mixed methods (Creswell, 2014). First, the convergent parallel approach simultaneously collects both quantitative and qualitative data that is merged to create one dataset. Next, the explanatory sequential mixed methods approach collects quantitative data first and qualitative second. Typically, the purpose of the qualitative data is to aid in explaining the phenomena that the quantitative data is describing. Lastly, the exploratory sequential approach begins with the collection of qualitative data with a quantitative phase that analyzes the data. This study used the exploratory sequential mixed-method approach because it began by collecting data qualitatively, using the impact value chain as the framework during its content analysis. Then, the content analysis data was numerically coded to develop a social impact assessment disclosure index. More detail on the disclosure index which was developed for this study is provided below. With the disclosure index scores for each bank and their three activity areas, statistical correlations were conducted. The dependent and

71

independent variables for this study are the disclosure index scores and the banking

organizational characteristics, respectively. The statistical phase of this examination

allowed the relationship between two variables to be measured and assessed.

3.3 Sample Selection Parameters

The sample in this study consisted of sized-matched groups of conventional and

social banks using a blocking sample approach (Cho & Patten, 2007). The sample

selection was done using a multistage procedure. The first stage was determining the

social banks portion. Provided that there are vastly more conventional banks than social

banks (Weber & Remer, 2011), the number of social banks dictated the overall sample

size. Furthermore, the most visible social banks were selected because they are more

likely to be producing sustainability-related reporting. Weber and Remer (2011) claim

that the core social banks are the members of the Global Alliance for Banking on Values

(GABV) network, whom also claim to value the transparency of their activities. Thus, the

social bank component to this investigation's sample were all members of the GABV. At

the time of this thesis, the GABV consisted of 27 social banks. The next stage in the

sampling was the conventional banks, which were selected on two criteria. First, the

countries of the social banks selected in stage one, provided the number of conventional

banks per country to be selected in stage two. The second criteria was to select the

conventional banks with the most assets under management within each country. This

second criteria was employed because this thesis is focused on the assessment behaviours

of conventional banks, and Chih et al. (2009) found that the size of financial

organizations is a good indicator for amount of sustainability considered in their

72

activities. Therefore, the largest conventional banks were chosen to ensure that they had sustainability-related activities to assess.

With the sample of conventional and social banks determined, the sustainability-related reporting was collected from each respective bank. However, not all banks provided this type of reporting, or they did not provide reporting in english. Therefore, not all social banks in the GABV were included in the working sample, and consequently an equal number of conventional banks were disqualified. This study sourced the most recent reporting from each respective bank. The range of age in reporting for this study was 2012 to 2015.

3.4 Data Collection

This cross-sectional investigation used five datasets, which were labeled as: the social impact assessment disclosure index scores, the type of bank, the size of banks, the net profit of banks, and the home country of banks. Creswell (2014) defines cross-sectional studies as investigations that capture phenomena at a single point in time. Therefore, multiple years of data from banks were not within the scope of this thesis. Progressing, the disclosure index scores evaluated all three activity areas of banks: internal operations, philanthropic activities and financing activities. The datasets used were grouped to allow for statistical analyses in an attempt to explain the disclosure behaviour of banks. The size of the banks was proxied using three indicators: Number of employees, assets under management and number of customers. The net profit of each bank was used as the profitability variable. Finally, the home country was categorized per continent.

73

The data for this thesis was collected through three internet channels, which are an efficient and appropriate means of collecting data sources (Bryman, 2012). First, the data used to construct each bank's disclosure index scores, number of employees, number of customers, and home country were collected from each respective bank's sustainability-related reporting. This data collection approach has commonly been used in previous disclosure studies (Fifka, 2013). Bryman (2012) explains that this use of archived organizational messages is suitable for these types of studies. From a logistical perspective, this approach has lower research costs compared to conducting interviews or distributing surveys. This allowed for a larger sample of banks. Moreover, the annual reporting from banks is public data, therefore it does not require the cooperation from the banks; reducing the risk of low response rates (Abbott & Monsen, 1979). Creswell (2014) adds that this approach to collecting data also allows for a timely turnaround such that analysis could begin quicker.

The reporting used for this study consisted primarily of annual sustainability-related reports, which has become a common disclosure practice of business organizations (Fifka, 2013; Kolk, 2003). The collection of reporting from banks occurred during the month of January 2015. However, not all banks in the full sample published an official annual report or had not published one within the previous year. When this occurred, the bank's most recently published report was used. If this option still was not available, the bank's website was explored to see if they reported any social impact assessments through that channel. The amount of assets under management and net profit values were collected from each respective bank's annual financial reports. As previously

mentioned, not all banks had published a sustainability-related report at the same time as their most recent annual financial reports. To overcome this, same year reports of sustainability-related information and annual financial reports was reviewed.

A significant component to the data collection of this thesis was the construction and operationalization of the disclosure index. This newly developed instrument is described in next.

3.4.1 Instrumentation and Coding Procedure

The dependent variables used in assessing the relationship between banking organizational characteristics and the quality of social impact assessment were constructed with a custom-made instrument. This instrument followed a content analysis approach, and required numerical coding in order to develop the score for the disclosure indices for each bank and each of the three activity areas. Testing of the appropriateness of the instrument was conducted during a pilot phase which included the data collection, categorization, and evaluation of three conventional and three social banks. Minor revisions to the instrument were implemented before it was used to develop the dependent variables of this thesis. Overall, this instrument included three phases, which are described in turn.

Previous sustainability-related performance and disclosure studies have shown that there are many instrumental approaches to collecting data (Soana, 2011). Briefly, the most common approaches are: Content analysis, questionnaire surveys, reputational measures, one-dimensional indicators, and ethical rating (Soana, 2011). Many of these

approaches were described in the previous chapter. This study used a content analysis approach to populate a social impact assessment disclosure index. In the content analysis literature, this specific type of research approach is known as third-party approach because this thesis was neither the creator or the primary audience of the sustainability-related reporting used. Again, a content analysis approach was selected because of its lower research costs, and it also allowed for flexibility in using the impact value chain as the framework for the instrument. The impact value chain has been described in more detail in the previous chapter, but broadly, it is an approach of conceptualizing the linkages of an organization's social impacts.

Content analysis is a text analysis research approach that codifies text, tables, or figures, into various predetermined categories (Abbott & Monsen, 1979). Previous content analysis approaches typically aim at measuring the extent or quality of an organization's disclosure (Brammer & Pavelin, 2008; Branco & Rodrigues, 2008). This usually involves counting words, sentences and pages (Fifka, 2013; Hook & van Staden, 2011). Then the counts are categorized depending on the chosen evaluative criteria. This study took a similar approach, but used indicators as its unit of analysis. Further subcategorization was conducted based on the type of data (qualitative, quantitative, monetary) included in the indicator. Absence of indicators within each activity's impact value chain was assigned a value of zero. Further, all unit of analyses (micro or project-level, product-level, and firm-level) of social impact assessments were considered and evaluated. An important distinction in this instrument was that it focused on the quality of the social impact assessments disclosed, and did not focus on the intensity of activities of

the banks, which would have required the collection of strictly either monetary or quantitative values, and is outside the scope of this thesis.

The categorization of many outcome indicators was aided by the definitions and examples provided by New Philanthropy Capital's (NPC) (2013) impact matrices (Bagwell, 2013; Copps & Plimmer, 2013a; Copps & Plimmer, 2013b; Copps, 2013a; Copps, 2013b; Copps & Svistak, 2013; Investing for Good, 2013; NPC, 2013; Plimmer, 2013; The SROI Network, 2013a; The SROI Network, 2013b; The SROI Network, 2013c; The SROI Network, 2013d; The SROI Network, 2013e). Moreover, because of the nature of qualitative indicators, both explicit and inferred communications of indicators were considered.

3.4.2 Coding Procedure

The next phase in the instrument was the ordinal coding of each activity's accompanying impact value chain. This numerical transformation allowed for a disclosure index to be developed (McDonald, 2012). Generally, the coding follows the argument that quantitative disclosures are more objective and informative to an organization's stakeholders than qualitative indicators (Ernst & Ernst, 1977, as cited in Cho & Patten, 2009). The result was a total score from 0 to 100 percent. However, only the activities that included an outcome indicator in its impact value chain were considered for the construction of the disclosure index. Also, the coding assumed equal intervals between each additional item in addition to an outcome indicator (McDonald, 2012). In other words, any additional indicators disclosed with an outcome indicator were

77

evaluated equally. These two instrument design decisions were done to ensure that banks whom have many activities, but only report process-based indicators (inputs and activities) would not achieve a higher disclosure index score as those banks that disclosed indicators that show social impact to a higher quality (outcome and impact indicators). Finally, to achieve a single disclosure index score per activity area, the average of the social impact assessments scores was calculated. Similar to the previous issue, adding the scores could lead to banks achieving a high score because they participate in many activities. The end result was a social impact assessment disclosure index score with a scale from 0 to 100 percent. Each bank had three disclosure scores, one per activity area of: Internal operations, philanthropic activities, and financing activities.

3.5 Data Analysis

The next methodological phase of this thesis was the analysis of its data. The focus of this phase was to assess the relationships between banking organizational characteristics and the quality of social impact assessment disclosures per activity area. Various statistical tests were conducted because the variables used were not all the same type of data. The dependent variables were the disclosure index scores for each activity area, and the independent variables were: type of bank, size of bank, profitability, and home country.

The statistical test performed was the independent sample t-test. This test is used when there is one measurement variable and one nominal variable (De Veaux et al., 2012). Broadly, this test assess whether the differences in means between the two nominal groups is statistically significant. McDonald (2009) explains that the

independent t-test is relatively robust to deviations from normality. Thus, this test was used for the hypotheses that concerned bank type, which only has two categories, conventional bank or social banks.

The home country data for this thesis was also nominal and was categorized by continent. The result was five categories. However, the independent t-test can not be performed if the nominal variable has more than two values. Therefore, the analysis of variance (ANOVA) test was performed because its nominal variable can handle two or more groups. The ANOVA test determines the statistical significance of the difference of means of the groups (De Veaux et al., 2012). In addition, post-hoc tukey tests were conducted when the necessary data requirements were met. If a statistical significant difference is found, this test allows for further observation into where the difference is between the groups (McDonald, 2009).

The remaining variables were all dependent variables, therefore correlational statistical tests were used. This statistical approach tests two aspects of the relationship between two variables. First, the test determines if there is an association between two variables. The association could be positive, that the values of both variables increased together, or negative, which is the inverse relationship between the values of the variables (De Veaux et al., 2012). The second goal of correlational tests is to describe how closely the two variables are associated. This is expressed using r, which ranges from -1 to 1. The closer the association is towards each end of this spectrum, the stronger the association (McDonald, 2009).

3.6 Chapter Summary

This chapter described the research design approach of this thesis and the specific sampling selection parameters employed. Further, the development and use of the data abstraction instrument was described, which resulted in three disclosure index scores per bank. Then, the specific data analysis tools for each relationship between organizational characteristics and disclosure index scores was introduced. The next chapter presents the results from the statistical tests described in this chapter.

Chapter 4: Qualitative Summary of Best Practices Found

4.1 Introduction

The purpose of this chapter is to describe qualitatively the best practices in reporting social impact assessments found during the data collection phase of the quantitative part of this thesis. This chapter is being provided because there are nuances to the real-world social impact assessment reporting that the data abstraction instrument could not capture. Thus, this chapter's contents are not meant to be evaluated to high methodological rigour. Three activity areas will be covered: Internal operations, philanthropic activities and financing activities.

4.2 Internal Operations Best Practice

The management of the sustainability-related impacts associated with internal operations has been a central aspect of reporting by banks. Although common, the reporting by the National Australia Bank (NAB Group) provides an example of a high quality social impact assessment of its internal operations. From an energy efficiency perspective, the NAB Group disclosed two complimentary figures (Figures 2 and 3) that show the monetary values of their investments, what specifically they are doing, and the resulting decrease in carbon emissions. Effectively, these indicators represent the linkages between its inputs, activities, and outcomes of NAB Group's energy efficiency efforts. By reporting this activity through a framework loosely based on the impact value chain, NAB is able to communicate the efficient use of their monetary and energy resources, and their effectiveness at both achieving a positive social impact and as managers.

In addition to the social impact, NAB Group reports the annual savings and payback periods of these efforts, providing evidence a strong business case with a sustainability component. Both of these figures are noteworthy because they show past and future commitment to reduce their energy-use.

Activity type	Description of activity	Estimated annual CO$_2$-e savings (metric tonnes CO$_2$-e)	Investment ($AUD)	Annual savings ($AUD)	Payback period (years)	Estimated lifetime of the initiative (years)
Energy efficiency: Building fabric	700 Bourke Street consolidation	4,334	Not available	$691,855	Not available	15
Energy efficiency: Processes	Data centre consolidation	1,079	$30,000	$82,000	0.4	10
Energy efficiency: Building services	800 Bourke Street LED lighting upgrade	734	$1,211,018	$332,030	3.6	10
Energy efficiency: Equipment	Server upgrade	755	Not available	$38,865	Not available	10
Energy efficiency: Building services	Implementation of retail energy efficiency works	327	$351,167	$178,167	2.0	10
Energy efficiency: Building fabric	Solar reflective roof paint	140	$40,047	$20,915	1.9	10
Energy efficiency: Building services	Automatic meter reading system	137	$97,173	$50,386	1.9	10
Total		**7,506**	**$1,729,405**	**$1,394,218**		

Figure 2. Examples of energy efficiency opportunities that were imlemented in the 2014 environmental reporting year. Reprinted from *Dig Deeper* (p. 44), by National Bank Australia, 2014.

Stage of development	Total number of projects	Total estimated annual CO_2-e savings (tonnes)
Under investigation	11	Not applicable
To be implemented	6	19
Implementation commenced	3	24
Implemented	8	1,089
Not to be implemented	8	Not applicable
Totals	**36**	**1,132**

Figure 3. Summary of 2014 energy effiiciency opportunities investigated acorss the NAB Group. Reprinted from *Dig Deeper* (p. 43), by National Bank Australia, 2014.

4.3 Philanthropic Activities Best Practice

The best practices reported for philanthropic activities comes from UniCredit. The results showed two ways that banks can participate in philanthropy. The first is through the donations of volunteer hours and money towards charities and community events. The second is when the banks develop their own philanthropic programs. It is evident that when banks have control over their philanthropic activity, they are able to better measure and thereby report the social impacts of their efforts. Conversely, when the bank indirectly contributes through other organizations, the measurement of social impacts relies on the intervening organization to measure, which seems to inhibit the reporting of the activity's social impacts.

UniCredit disclosed a well-developed impact value chain assessment for its financial literacy program. The reporting included an input indicator of 5,750 volunteer hours, which resulted in roughly 129,600 training hours to over 46,800 people in 1,816 workshops with 964 financial education tests given (output). Again, with the reporting of input and output indicators, the efficiency of UniCredit's financial literacy program can

be evaluated. They then connected these process-based indicators to an outcome-based indicator, which showed the effectiveness of this program. Since UniCredit was managing organization for this philanthropic activity, they had the responsibility of measuring their own social impact. In order to do so, UniCredit developed a Financial Literacy Index. This tool assesses the before and after level of financial literacy of its beneficiaries.

4.4 Financing Activities Best Practices

For banking organizations, the social impact assessment of their financing activities has many inherent challenges. However, two social banks provide two different approaches to assessing the social impacts associated with the parties that they choose to finance. First, Banca Etica published a report that provides an assessment of their financing activities over the last fifteen years Next, New Resource Bank illustrated how linkages between components of the impact value chain can be reported visually.

Banca Etica's report, *15 years of Banca Etica: practical resources for the social economy and families*, was the only one of its kind found from the sample of conventional and social banks. The report includes the number and monetary value of its loans that were provided to families and social enterprises over the last fifteen years (output indicator). Using a questionnaire, Banca Etica assessed the following outcomes that are associated with receiving a loan from them:

- Improved chances in networking;
- Enhanced employee capacity and motivation, and;
- The Ability to maintain and create jobs.

Also, Banca Etica provided an assessment of loans that were specifically lent in an effort to reduce carbon emissions associated with energy generation. This included the reporting of the output (MWh of clean energy produced per year) and outcome indicators (CO_2 emissions avoided). Moreover, Banca Etica provided the cost savings associated with its loans using the Social Cost of Carbon. This latter assessment from Banca Etica shows the use of immediate and intermediate social outcome indicators, which can help management and external parties see the causal linkages between the parties that they finance, and the end social impact realized.

In contrast to Banca Etica, New Resource Bank provides an assessment with more process-based indicators. From the perspective of its entire lending portfolio, New Resource Bank reported the amount of deposits they have, the transformation of deposits into loans, and then the industries that New Resource Bank finances. Figure 4 communicates New Resource Bank's efficiency at turning its customers' deposits into loans.
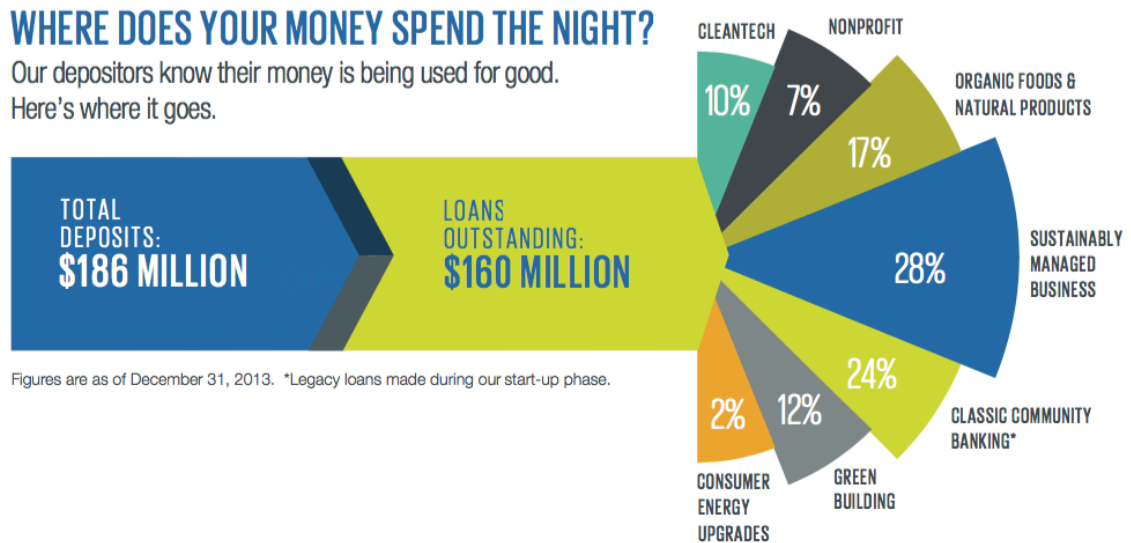
Figure 4. Where does your money spend the night? Reprinted from *2014 Sustainability Report: Banking for Good* (p. 4)*, by New Resource Bank, 2014.

4.5 Chapter Summary

This chapter has provided a description of the best practices of social impact assessment over three activity areas by the banks in this study's sample. The best practices scored the highest for their respective activity areas, as evaluated by the measurement instrument developed in this thesis. In general, the best practices found exhibited a comprehensive, or nearly comprehensive reporting of an impact value chain.

In the next chapter, the results from the statistical analysis portion of this thesis are presented, with an interpretation through the lens of legitimacy and stakeholder theory provided in Chapter 6.

Chapter 5: Statistical Tests Results

5.1 Introduction

This chapter presents the results from the statistical tests conduced between the collected secondary data and the social impact assessment index performances of the banks. The focus of this study was to assess the relationships between banking organizational characteristics and the quality of social impact assessment disclosures. This was addressed using statistical tests. Both independent t-test and one-way ANOVA tests were required because of the different types of data and coding procedures used in this thesis. Also, Pearson correlation tests were required. Each of the aforementioned tests were conducted for each dependent variable of the disclosure index score per activity area (internal operations, philanthropic activities, and financial activities). Moreover, provided the distinct differences outlined between conventional and social banks in chapter 2 *Literature Review*, each test was conducted two additional times using the conventional bank subsample and social bank subsample, respectively. Overall, many statistical tests were performed. For brevity, all of the results are presented using tables with the results that are significant receiving additional attention.

The remainder of this chapter presents the resulting sample from the screening process, the statistical descriptions of each data set, and the results from statistical tests. The chapter closes with a summary of results.

87

5.2 Selection Procedure Results

The population for this research study is composed of social and conventional banking organizations using a blocked sampling approach, which ensured equal size samples between the two types of banks. Provided that there are significantly more conventional than social banks, the first phase of sample selection concerned determining the number of banks in the two blocks, starting with the social banks. Using all the members of the GABV network, 27 social banks were initially selected. The next phase in selection required the social banks to meet two additional criteria: the bank had to disclose sustainability-related reporting, and the reporting had to be in the English language. This resulted in a social bank block sample size of 18.

Selecting the conventional banks followed a related, but slightly different selection procedure. In an effort to have conventional bank representation from the countries of the social bank sample, additional blocks were constructed based on the home country of the two types of banks (i.e., six Canadian social banks and six Canadian conventional banks were selected). Then the conventional bank sample was selected based on asset size, following the assumption that the highest level of assessment behaviour could be observed from the conventional banks that have been shown to have integrated sustainability-related considerations into their activities and processes (Chih et al., 2009). Finally, the conventional banks providing social-impact related disclosures in English were filtered and selected. The result was an overall sample of 36, with equal

blocks conventional and social banks. A full list of the sample of banks used in the investigation of this thesis is provided in Table 1.

Using the sustainability-related reporting of conventional and social banks, the instrument described in chapter 3 *Methods* was used to construct disclosure index scores for each of the following activity areas: Internal operations, philanthropic activities and financing activities. The most recent sustainability-related reporting of each respective bank was used, which dictated the year of the financial reports selected. Using these two types of reports, this thesis' independent variables were constructed. These variables include: Number of employees, amount of assets under management, number of customers, net profit, and home country. If a different value was found between the two reports, the financial report's information was prioritized because of their increased degree of assurance (Kolk, 2004). The next section of this chapter will provide the descriptive statistics for each of the independent and dependent variables.

Table 1. Conventional and Social bank samples

Conventional Banks	Social Banks
Bank of America	Affinity Credit Union
Bank of Nova Scotia	Assiniboine Credit Union
BNP Paribas	Banca Etica
Citigroup	bankmecu
Deutsche Bank	Beneficial State Bank
DNB	BRAC Bank
The Goldman Sachs Group, Inc	Centenary Bank
HSBC Holdings	City First Bank of DC
ING Bank N.V.	Clean Energy Development Bank
J.P. Morgan Chase	Credit Cooperatif
National Australia Bank	Cultura Bank
Royal Bank of Canada	Ecology Building Society
Sonali Bank Limited	First Green Bank
Stanbic Bank	New Resource Bank
State Bank of India	Southern Bancorp
Toronto-Dominion Bank	Sunrise Banks
UniCredit	Triodos Bank
Wells Fargo	Vancity

Table 2 contains the descriptive statistics for the dependent and independent variables for three samples: The full sample ($n = 36$), conventional banks only ($n = 18$), and social banks only ($n = 18$). The first initial result is that for all three activity areas, there are both conventional and social banks that do not disclose any social outcome or impact indicators. However, this is not to say that the banks that achieved a zero score in an activity area do not disclose sustainability-related information. It is that the instrument developed for this thesis, which focused on the reporting of social outcome and impact indicators. These banks could have reported on the process-based indicators of the impact

value chain (inputs, activity descriptions, or outputs). Recall from chapter 3 *Methods* that a bank's reporting of social impact assessments or similar activities were only evaluated by the this thesis' instrument if a social outcome or impact indicator was present. If neither of these indicators were disclosed, to any degree, then that reporting activity was not considered in the disclosure index.

Additional initial results can be observed from Table 2 First, there are significant difference between the average and range of values of organizational characteristics of the conventional banking sample and social banking sample. For instance, the average number of employees of conventional and social banks is 129,365 and 1,242, respectively. In terms of the ranges of the number of employees of the banks, the social banks have a minimum number of employees of 15, with a maximum of 6,624. In contrast, the conventional banks have a minimum of 1,859 and maximum of 266,000.

Progressing, each activity area's disclosure index scores and banking organizational characteristics, for each sample and subsample (block), displayed some level of skewness. This skewness was mostly right skewed with only two variables exhibiting left skewness (Internal activities score and net profits of the conventional banks subsample). The kurtosis of the data provides some additional insights to be observed. For instance, each of the three disclosure index scores exhibited low kurtosis, which signifies that the distribution is concentrated towards the respective means. However, there are three instances where a relatively high kurtosis, or high variability in outcomes, were found: Philanthropic activities score for the full sample and social bank subsample, and the net profits of the social bank subsample.

Table 2. Disclosure index scores and organizational characteristics descriptive statistics

Variable	N	Minimum	Maximum	Mean	SD	Skew	Kurtosis
Full Sample: Conventional and Social banks (n=36)							
Internal Operations Score	36	0.00%	75.00%	26.20%	23.93%	0.196	-1.401
Philanthropic Activities Score	36	0.00%	41.54%	5.51%	9.81%	2.025	4.207
Financing Activities Score	36	0.00%	66.50%	15.69%	18.56%	1.176	0.605
Employees	36	15	266,000	75,636	97,071	1.023	-0.562
Customers	36	10,000	51,000,000	12,961,488	16,562,970	1.161	0.405
Assets*	36	$89.36	$2,968,398.64	$686,711.88	$974,154.51	1.162	-0.070
Profits*	36	-$18,932.35	$26,883.69	$3,764.96	$8,153.87	0.790	2.827
Conventional bank subsample (n=18)							
Internal Operations Score	18	0.00%	62.50%	33.52%	21.15%	-0.667	-0.969
Philanthropic Activities Score	18	0.00%	41.54%	9.27%	11.90%	1.335	1.631
Financing Activities Score	18	0.00%	49.94%	11.38%	14.69%	1.447	1.527
Employees	18	1,859	266,000	129,365	96,629	0.237	-1.660
Customers	10	2,500,000	51,000,000	25,544,400	1,570,585	0.531	-0.084
Assets*	18	$1,329.06	$2,968,398.64	$1,369,553.36	$983,024.31	0.130	-1.260
Profits*	18	-$18,932.35	$26,883.69	$7,481.82	$10,373.00	-0.370	1.663
Social bank subsample (n=18)							
Internal Operations Score	18	0.00%	75.00%	18.89%	24.86%	1.067	-0.118
Philanthropic Activities Score	18	0.00%	20.75%	1.75%	5.14%	3.427	12.185
Financing Activities Score	18	0.00%	66.50%	20.00%	21.31%	0.868	-0.178
Employees	13	15	6,624	1,242	1,820	2.443	6.774
Customers	10	10,000	1,200,000	378,577	423,120	1.344	0.553
Assets*	18	$89.36	$22,043.68	$3,870.41	$6,232.81	2.160	4.036
Profits*	18	$0.45	$579.97	$48.12	$134.22	4.092	17.063

* In millions of Canadian dollars.

Concerning the normality of the variables, as mentioned, many exhibited a degree of skewness and kurtosis. Performing parametric statistical tests on data that is not normally distributed increases the risks of a false positive result (McDonald, 2009). Fortunately, moderate deviations from normality can be sustained by many parametric tests (Lix et al., 1996, as cited in McDonald, 2009).

The last initial result that can be observed from the descriptive statistics are the ranking of index score averages per activity area. It is clear that the social impact assessments of internal operations are provided relatively to the highest quality. An slight exception is for the social bank subsample, where their financing activities score averages were marginally higher than their internal operation assessments. Furthermore, it is clear that the assessments for philanthropic activities are provided to the relatively lowest quality on average among both types of banks. Further nuances between the types of banks, and the other variables in this thesis can be seen from the results of the statistical tests.

5.3 Summary of Results

This section provides the summary of results per hypothesis from the various tests performed. For brevity, only the results that exhibited statistical significance are reported in detail, with the remaining results provided in Table 3.

Table 3. Banking organizational characteristics Pearson correlations per activity

		Employees	Customers	Assets	Net Profit
Full Sample					
	n	31	20	36	36
Internal Operations Score		0.206	0.351**	0.358*	0.288*
Philanthropic Activities Score		0.076	0.286	0.337*	0.020
Financing Activities Score		-0.129	-0.003	0.012	-0.106
Conventional-only subsample					
	n	31	20	36	36
Internal Operations Score		0.154	0.405*	0.316*	0.267**
Philanthropic Activities Score		-0.221	0.047	0.102	-0.213
Financing Activities Score		0.047	0.046	0.463*	0.010
Social-only subsample					
	n	31	20	36	36
Internal Operations Score		-0.307*	-0.450*	0.145	-0.148
Philanthropic Activities Score		-0.065	-0.216	-0.028	-0.059
Financing Activities Score		-0.416*	-0.447*	-0.137	-0.243**

* $p < .05$
** $p < .10$

5.3.1 Bank Type

The following hypotheses with regard to bank type were tested:

- H_{1a}: Conventional banks assess their social impacts to a higher quality than social banks
- H_{1b}: Social banks assess their social impacts to a higher quality than conventional banks

Independent-groups t-test were conducted to compare the disclosure index scores in of the three each activity areas between the two types of banks (Table 4). First, there was a significant difference in scores for the disclosure index for internal operations of conventional banks ($M = 33.52\%$, $SD = 21.14\%$) and social banks ($M = 18.89\%$, $SD =$

94

24.86%), $t(34) = 1.902$, $p = .033$). Similarly, conventional banks performed statistically significantly higher in disclosing the social impact assessments of their philanthropic activities ($M = 9.27\%$, $SD = 11.90\%$) than social banks ($M = 1.75\%$, $SD = 5.15\%$), $t(23.151) = 2.461$, $p = .001$).

The final independent-groups t-test showed significance between conventional banks ($M = 11.38\%$, $SD = 14.70\%$) and social banks ($M = 19.99\%$, $SD = 21.31\%$) and the quality of social impact assessment reporting of financing activities, $t(34) = -1.412$, $p = 0.039$. Combined, these three results support the alternative hypotheses that conventional banks assess their social impacts to a higher quality than social banks.

Table 4. Results of t-tests for disclosure index scores of activity areas by bank type

Outcome	Bank Type							
	Conventional Banks			Social Banks				
	M	SD	n	M	SD	n	t	df
Internal Operations	33.52%	21.14%	18	18.89%	24.86%	18	1.902*	34
Philanthropic Activities	9.27%	11.90%	18	1.75%	5.15%	18	2.461*	23.151
Financing Activities	11.39%	14.70%	18	19.99%	21.31%	18	-1.412	34

* $p < .05$.

5.3.2 Size

The remaining statistical tests were performed using a sample of all the banks (full sample, $n = 36$), then two additional samples which consisted exclusively of different types of banks (conventional bank subsample, $n = 18$, and social bank subsample, $n = 18$). This decision was made because of the theoretical differences

outlined in chapter 2 *Literature Review*, and the differences in values of the banking

organizational characteristics described in the previous subsection.

Number of Employees

The following hypotheses with regard to the number of employees was tested:

- H_2: There is a positive association between the number of employees of banks and the quality social impact assessment
- H_3: There is a positive association between the number of employees of conventional banks and the quality social impact assessment
- H_4: There is a positive association between the number of employees of social banks and the quality social impact assessment

To test hypotheses 2 through 4, bivariate correlational tests were performed. First,

for the full sample ($n = 31$), no statistical significance associations between any of the

index scores and number of employees were observed. Therefore, hypothesis two is not

supported. Similarly, for the conventional bank subsample ($n = 18$), no statistical

significant results were found. Thus, hypothesis three is not supported. For the social

bank subsample ($n = 13$), two instances of statistically significant results were found.

First, a moderate negative relationship was found for the internal operations score ($r = -0.307$, $n = 31$, $p = .047$), and second a moderate negative relationship was found for the

financing activities scores ($r = -0.416$, $n = 13$, $p = .01$). Therefore, from an internal

operations and financing activities perspective, hypothesis four is supported. Conversely,

from a philanthropic perspective, hypothesis four is not supported.

Number of Customers

The following hypotheses with regard to the number of customers were tested:

- H_5: There is a positive association between the number of customers of banks and the quality social impact assessment
- H_6: There is a positive association between the number of customers of conventional banks and the quality social impact assessment
- H_{7a}: There is a positive association between the number of customers of social banks and the quality social impact assessment
- H_{7b}: There is a negative association between the number of customers of social banks and the quality social impact assessment

The next statistical tests focused on the number of customers and its relationship in the quality of social impact assessment reporting for all three activity areas. For the full sample ($n = 20$), one statistically significant observation was found. With a positive moderate association, the relationship between the number of customers and internal operations score showed statistical significance ($r = 0.351$, $n = 20$, $p = .065$). Therefore, from an internal perspective, hypothesis 5 is supported. However, from the perspectives of the other two activity areas, hypothesis 5 is not supported.

Concerning the conventional bank subsample ($n = 10$), only one statistically significant finding was found. This was again between the number of customers and the internal operations disclosure score ($r = 0.405$, $n = 10$, $p = .038$), with a moderate positive association. Thus, from an internal operations perspective, hypothesis six is supported, but fails to be supported from the other two activity area perspectives.

The final correlational tests for determining the relationships between the quality of social impact assessments and the number of customers of social banks ($n = 9$) found two statistically significant associations. For the the internal operations score, it showed a moderate negative relationships (r = -0.450, n = 9, p = .023). Similarly, for the financing activities score, a moderate negative association was found (r = -0.447, n = 9, p = .024). Therefore, these correlational findings lead to a mixed result in regards to the alternative hypotheses. First, from the two activity areas mention for the social banking subsample, hypothesis seven is supported for its first alternative. In contrast, from a philanthropic perspective, the second alternative for hypothesis seven is supported.

Assets under Management

The following hypotheses with regard to the amount of assets under management were tested:

- H_8: There is a positive association between the amount of assets under management of banks and the quality social impact assessment
- H_9: There is a positive association between the amount of assets under management of conventional banks and the quality social impact assessment
- H_{10a}: There is a positive association between the amount of assets under management of social banks and the quality social impact assessment
- H_{10b}: There is a negative association between the amount of assets under management of social banks and the quality social impact assessment
  The final proxy for bank size tested to see if there were any significant

relationships between the disclosure index scores and the amount of assets under management. Similar to the previous variables, these relationships were tested using a correlation test. Overall, statistical significance findings can be observed in the full sample and the conventional subsample. First, for the full sample ($n = 36$), significance

98

was observed for the internal operations score ($r = 0.358$, $n = 36$, $p = .016$) and the philanthropic score ($r = 0.337$, $n = 36$, $p = .022$); both having a moderate positive association. Therefore, hypotheses eight is supported for these two activity areas, and is not supported from a financing activity disclosure score perspective.

For the conventional only subsample ($n = 18$), two significant findings were found. First, the internal operations score showed a moderate positive association ($r = 0.316$, $n = 18$, $p = .030$). Second, the financing activity scores showed a moderate to strong positive association ($r = 0.463$, $n = 18$, $p = .002$). Therefore, hypothesis 9 is supported for these activity areas, but fails to be supported from a philanthropic activities perspective.

The final correlation tests for this organizational characteristic focused on the social-only subsample ($n = 18$). Overall, no statistically significant findings were observed. Therefore, both of the alternative hypotheses are rejected. There does not appear to be an association between the amount of assets under management, and the quality of social impact assessments reported by social banks.

5.3.3 Net Profit

The following hypotheses with regard to the net profit were tested:

- H_{11}: There is a positive association between the net profit of banks and the quality social impact assessment
- H_{12a}: There is a positive association between the net profit of conventional banks and the quality social impact assessment
- H_{12b}: There is a negative association between the net profit of conventional banks and the quality social impact assessment

- H_{13a}: There is a positive association between the net profit of social banks and the quality social impact assessment
- H_{13b}: There is a negative association between the net profit of social banks and the quality social impact assessment

The next banking organizational characteristic investigated in its relation to the quality of social impact assessment disclosed is the net profit of the banks. For the full sample ($n = 36$), a statistically significant correlation was found for the disclosure score of internal operations ($r = 0.29$, $n = 36$, $p = .044$). Therefore, from an internal perspective, hypothesis eleven is supported. Progressing, the conventional-only sample ($n = 18$) showed only one significant association. This was for the internal operations disclosure index scores, which showed a weak to moderate positive association ($r = 0.267$, $n = 18$, $p = .058$). Thus, hypothesis twelve is supported again from an internal perspective and its first alternative, but is not supported for the other two activity areas. The last correlation tests for this variable were for the social bank subsample ($n = 18$), which showed one statistically significant finding. This was for the financing activities disclosure index score, which was found to have a slight weak to moderate negative association ($r = -0.243$, $n = 18$, $p = .077$). Therefore, hypothesis thirteen supports its first alternative from a financing activities perspective, whereas the other two areas did not show any significant association.

5.3.4 Home Country

The following hypotheses with regard to home country were tested:

- H_{14}: There is a difference in quality of social impact assessments and the home country of banks
- H_{15}: There is a difference in quality of social impact assessments and the home country of conventional banks
- H_{16a}: There is a difference in quality of social impact assessments and the home country of social banks
- H_{16b}: There is no difference in quality of social impact assessments and the home country of social banks

To test for any possible associations between the home country of the banks and their disclosure index scores, one-way ANOVA tests were performed. The home countries of the banks were categorized into five groups: Asia, Africa, Australia, Europe, and North America. Overall, of the nine one-way ANOVA tests conducted, three resulted in statistical significance. Two of these tests did not meet the necessary requirement for performing a post-hoc Tukey test, therefore only the tests involving the full sample had them conducted.

The first statistical significant difference was found for the full sample ($n = 36$) and its internal operations disclosure index scores ($F(4, 31) = 3.12, p = .02$). Following the recommendation of McDonald (2009), the post-hoc Tukey test was performed to see the differences between groups. The Tukey test showed no statistical significant differences between the continents of the full banking sample, however Asia and Europe showed a near statistical significant value ($p = .053$). In regards to hypothesis fourteen, it is supported for internal operations, and is not supported to the other two activity areas.

Progressing, another one-way ANOVA test showed statistical significance within the conventional banking subsample ($n = 18$) of the home country variable and the internal

operations disclosure index scores ($F(4, 13) = 4.07$, $p = .02$). Therefore, from an internal operations perspective, hypothesis 15 is supported, but fails to be supported from the other two activity areas.

The final statistically significant one-way ANOVA test was in the social banking subsample ($n = 18$) on philanthropic activities ($F(4, 13) = 19.455$, $p = .000$). Therefore, the first alternative hypothesis sixteen is supported from a philanthropic activities perspective, with the second alternative being supported by the remaining two activity areas.

5.4 Chapter Summary

This chapter has presented the results of statistical analysis that provide insights into the relationships between banking organizational characteristics and the quality of social impact assessments disclosed. Overall, statistical significant relationships were found in the full sample ($n = 36$), and the respective conventional ($n = 18$) and social ($n = 18$) bank subsamples.

Referring to the population parameter statistics calculated, it is evident that there are both conventional and social banks that do not provide social impact assessments that contain at least a social outcome indicator. Furthermore, it is clear that the size (number of employees, number of customers, and assets under management) differences between the two types of banks are significant. Progressing to the statistical tests conducted, many of the hypotheses for this thesis were supported. Overall, the social index disclosure scores for internal operations showed the most significant associations. For the full and conventional subsample, all of the associations were positive. Interestingly, all of the

significant associations for social banks were negative. The final variable under investigation was the association of the home countries of the banks in this thesis. Significant differences in social index scores were found for the full and conventional samples for internal operations, and philanthropic activities disclosure score for the social bank.

In the next chapter, a discussion of these results is provided while looking through the lenses of this thesis' conceptual multi-theoretical framework of legitimacy and stakeholder theory.

Chapter 6: Discussion of Results

6.1 Introduction

With the evolution of sustainability-related reporting shifting focus towards more effective accountability mechanisms and the establishment of social banks and social financing activities, this research sought to answer the question: What are the factors associated with banking organizations and their disclosure of social impact assessments? Overall, various statistical significant correlations were found between the disclosure of social impact assessment in the three activity areas and banking organizational characteristics, confirming the multifaceted nature of sustainability-related reporting (Alberici & Querci, 2015; Tagesson et al., 2009). These results enrich the multi-theoretical framework of legitimacy theory and stakeholder theory employed in this study. Using this theoretical framework approach allowed for flexibility in explaining the disclosure behaviours of the banks. This added flexibility is necessary considering that social banks have largely been neglected by empirical statistical studies, and the uncertainty of reporting behaviour of social impact assessments from banking organizations. Furthermore, this particular theoretical framework allowed for the testing of this thesis' measurement instrument, the social impact assessment disclosure index, which was based on the impact value chain. At the time of this thesis, no previous studies have used the impact value chain to assess the quality of social impact assessments being reported by the banking sector.

This chapter provides a discussion of the quantitative and qualitative results, and describes the possible theoretical implications of the statistical tests performed.

6.2 Initial Quantitative and Qualitative Results

The qualitative descriptions of the best practices (chapter 4: *Qualitative Summary of Best Practices*) and the descriptive statistics (chapter 5: *Statistical Test Results*) in this study show that social impact assessments from banking organizations are reported differently across the three activity areas (internal operations, philanthropic activities, and financing activities), but also that this specific reporting behaviour is in its infancy. For the qualitative descriptions of the best practices, there were not many examples of a high quality social impact assessment, as evaluated by this thesis' measurement instrument. Also, the quality of social impact assessments differs significantly between the three activity areas. This is indicative from both results chapters. First, the only instance of a bank reporting an assessment that included a quantitative indicator or description of an activity's inputs, outputs, and outcomes, was the National Australia Bank's energy use and efficiency example. There were banks that included quantitative social outcome indicators, but they did not provide the additional components of the impact value chain. Concerning the reported assessments for the philanthropic and financing activities of banks, the quality was relatively lower.

A similar theme was observed with the statistical test results. There were banks that did not provide any assessment, in all three of the respective areas, that included a social outcome or impact indicator. Recall, that if a bank only reported on its process-based indicators (inputs or outputs), then this thesis' instrument did not consider it.

Moreover, the descriptive statistics showed, similar to the qualitative best practices, that the quality of assessments differed between the three activity areas, with a high degree of variability, as indicated by the large ranges between the minimum and maximum scores, the size of the standard deviations, and the kurtosis levels. Specifically, it is the reported assessments of the philanthropic activities that were performed to the lowest quality. There are two potential explanations for this. First, there could be a difference in assessments of philanthropic activities depending on which organization has the primary managing power. In other words, the qualitative best practices suggest that when a philanthropic activity is developed from within a bank, they have the necessary managing power to reduce the friction associated with assessing the activity's social impacts. For instance, in chapter 4: *Qualitative Summary of Best Practices*, UniCredit's financial literacy philanthropy program was presented. This program, as described by UniCredit, was developed and conducted by internal personnel. When a philanthropic activity is managed external to the banking organization, they appear to heavily rely on the managing organization to assess impacts in order for the bank to assess their contributions to that specific philanthropic activity.

A second potential explanation to the lower quality of disclosure scores for philanthropic activities pertains primarily to social banks. As per this thesis' definition of social banking, achieving positive contributions towards sustainable development is a central feature. Therefore, social banks may perceive philanthropic activities as a misuse of their resources. This would entail social banks not conducting philanthropic activities,

which the social disclosure index instrument failed to consider when developing its datasets.

From these initial results, two broad explanations can be suggested. First, the differing quality of social impact assessments reported across the three different activity areas may suggest conducting assessments for philanthropic and financing activities are challenging and still in their infancy. For banks, it was the management of their direct sustainability impacts and opportunities that were the first activities to be developed, with the sustainability considerations of financial productions and philanthropic activities emerging next. Therefore, it would appear that the social accounting systems have been developed in parallel to the sustainability management focuses of banks. Something also to consider is the increased difficulty in assessing the social impacts of indirect activities (philanthropic and financing activities) as opposed to direct activities (internal operations), which was emphasized by Scholtens (2009) and Jeucken (2004).

Next, the results from the statistical statistical tests are explored through the lens of legitimacy and stakeholder theory, and previous related studies.

6.3 Interpretation of Statistical Results

Various banking organizational factors were investigated through statistical procedures to determine if there was an association with the quality of social impact assessments reported. The following is an interpretation of the results through the lens of legitimacy and stakeholder theory. First, from a comparative stance, the results show that conventional banks provide higher quality social impact assessments over all three

activity areas. No previous statistical study had explored this specific research space. However, a potential explanation for the higher willingness to assess of the conventional banks is the negative systematic perception received from their participation in recent financial crisis (Bendeikter, 2011; Herzig & Moon, 2013; Lock and Seele, 2015). Legitimacy theory posits that organizations will use sustainability-related reporting, which includes the communication of social impact assessments of their activities, as a means to maintain and enhance its legitimacy (Lindblom, 1994). Stakeholder theory can provide another interpretation. The conventional banks' reporting behaviour could suggest that they are trying to show its management of sustainability risks and opportunities in accordance to the disclosure demands of its shareholders and other financial stakeholders. Additionally, the reporting of assessments could be a way of showing the government that they are contributing positively towards society and the environment; in an effort to illustrate that increased regulations are not required. Broadly, it would appear that conventional banks are more likely to be using social impact assessments as a means of developing, maintaining and improving their corporate reputation and image. Whereas, social banks are likely not feeling the same motivations because many of them explicitly mention that they do not participate in the trading of equities (Author, Year). Further insights into the reporting behaviours of conventional and social banks can be seen through a discussion of other banking organizational factors.

In addition to banks trying to maintain their legitimacy in the wake of the financial crisis, legitimacy theory posits that the the larger the organization, the more exposure they are to legitimacy pressures and concerns, which increases the motivation to

assess and report social impacts as a means to development, maintain or enhance the acceptance of their operations (Deegan, 2002; Margolis & Walsh, 2003). In regards to the size of organizations through the lens of stakeholder theory, there is a positive association between size and the power of stakeholders (Ullman, 1985). With more stakeholders interested in the success of large organizations, there are more demands for accountability. Part of this accountability could be through the reporting of sustainability-related performance.

The variable of size in this thesis was proxied using: Number of employees, number of customers and assets under management. Overall the results indicate that the size of the banks has the most numerous significant relationships with the reporting on internal operations. This association remains the same for the conventional bank subsample. Provided that the extant theories of legitimacy and stakeholder theory have predicted the positive association between organization size and motivation to report on direct impacts in many previous studies (Fifka, 2013; Kahn & H…, YEAR), this was expected. Specifically, the results are similar to the study conducted by Chih et al. (2009) on financial intermediary organizations and other industries (Alberici & Querci, 2015; Brammer & Pavelin, 2008). In addition, for the conventional subsample, the amount of assets also showed a positive correlation to the assessment of financing activities. Interestingly, the relationship between the assessment of internal operations and financing activities, and bank size of social banks have negative associations.

This thesis did not measure the variable of physical footprint of the banking sample directly, but the number of employees and number of customers can act as a

109

proxy for this variable because office spaces and retail locations would be required and positively associated with these two size variables. In regards to the comparison between conventional and social banks, and the relationship among the conventional bank subsample, both legitimacy and stakeholder theory provide some suggested explanations. First, given the difference in employee and customer size, conventional banks are significantly larger than social banks. From both a legitimacy and stakeholder theory perspective, the results suggest that the larger the bank's physical footprint, the more exposure to legitimacy pressures and stakeholder demands there are; resulting in increased willingness to assess internal operations. Although banks do not have a high direct social impact compared to other high environmental intense industries (e.g., extractive and mining industries), these pressures could stem from what Branco & Rodrigues (2008) refer to public visibility. Generally, this entails that the more physical branches an organization has, the more the public will be cognizant of and show interest in their activities. Recall that Weber and Remer (2011) explained that conventional banks have more physical branches than their social bank counterparts. The impact of public visibility towards the willingness to assess internal operations could further be compounded in areas where development has reached such a level that now the local communities are showing increased interest in the impacts of its local organizations towards their society and environment (Gamble et al., 1996). This latter suggestion was observed in the results with an statistical difference found between the home countries of the banks and the reporting of assessments for internal operations. Overall, this test found

that banks from more developed regions reported higher quality assessments compared to more developing regions.

In regards to the assessment of internal operations and the net profit of the conventional bank subsample, Liket and Maas (2015) suggests the availability of slack resources can be related to legitimacy pressures. Generally, legitimacy pressures can be stronger with higher levels of profit because there is the perception that there are slack resources that can be used to manage and decrease the organization's direct impacts towards the environment. A limitation to this suggestion is that banks have a relatively small direct impacts towards the environment. Therefore, the assessment of internal operations from banks could be for strategic reasons. As Weber (2005) explained, banks began to manage their internal operations to seize the cost savings associated with reduced resource use, but also to show its customers that there was a business case opportunity. An additional proposition is that conventional banks, and specifically large conventional banks, have the required administrative and technical capabilities to assess their direct social impacts to a higher quality than social banks, as described by Alberici and Querci (2015) and da Silva Moneterio and Aibar-Guzman (2010).

Continuing with the variable of net profit, the results do suggest that legitimacy and stakeholder theory are challenged in explaining the social impact assessment reporting behaviour on philanthropic and financing activities. Both of these activity areas showed no significant differences in reporting behaviour in relation to the level of net profit of the banks. This suggests that the stakeholders that are interested in the net profits of the banks (i.e., primarily shareholders) are not demanding the disclosure of social

111

impact assessments for these two activity areas. This could stem from two partially related reasons. First, the shareholders may not believe the assessments are of value for their decision-making, or they may not know how to evaluate the assessments of social impacts, and the implications between good and poor social performers.

Progressing, from the perspective of the amount of assets under management, two statistically significant correlations were found. First, for the full sample, there was a positive association between the amount of assets and assessments of philanthropic activities. Second, for the conventional subsample, there was a positive association between amount of assets and the quality of assessments for financing activities. From a legitimacy theory perspective, the higher quality in social disclosure scores of conventional banks can be interpreted as the following: The more assets under management that an organization has, the more likely the legitimacy of their financing activities will be questioned, which is similar to what Tagesson et al. (2009) found in their investigation. This could be because banks with a lot of assets are perceived as having a larger impact towards the economy, society and the environment (Jeucken, 2004; Scholtens, 2009). Thus, legitimacy concerns could arise if it is unclear how the assets of banks are being used, and what the associated impacts of the financing decisions are. From a stakeholder perspective, the results also suggest conventional banks, because of their larger amount of assets under management relative to social banks, are reporting their assessments to a higher quality as a way of managing their nongovernmental organizational demands. Various nongovernmental organizations have been critical of large banks' financing decisions (Banktrack, 2009; Barclay, 2008).

112

Regarding the positive association found for the assessment of philanthropic activities and the amount of assets of the bank, the findings are similar to what Adams and Hardwick (1998) (as cited in Liket & Maas, 2015) and (Liket & Maas, 2015) concluded. However, the lack of a statistical significant results for conventional banks is interesting. This suggests that banks are not receiving either the legitimacy pressure or demand from stakeholders to assess the social impacts of their philanthropic activities. Nor are they valuing the internal and marketing benefits described by Liket and Maas (2015) and Maas and Liket (2011).

For social banks, overall a lack of and negative associations were found for the size and net profit and the assessment of their internal operations and financing activities. This suggests that social banks in general are facing weaker legitimacy pressures and stakeholder demands in regards to communicating the efficiency and effectiveness of their activities. This could stem from multiple interrelated reasons. First, given the industries, customers, and beneficiaries that social banks finance, a positive social impact could be assumed, as Trelstad (2008) explained. A similar conclusion was found in Grieco (2015) and Wood et al. (2010), which concluded that many social enterprises do not measure or report their social impacts. Specifically, for the reporting behaviour of philanthropic activities, the lack of assessments could stem from social banks not devoting their limited resources to an activity which could be viewed as counterintuitive of their core activities, and the geographic regions of the banks may not be at the level of development where philanthropy is common. The latter could explain the statistical difference found for the social bank home countries and the assessment of philanthropic

113

activities. Progressing, another possible explanation to the social banks assessment behaviour could be that small and medium-sized social banks are using social impact assessments as a means for differentiation in an effort of securing additional grants and depositors, which has occurred in previous studies (Wood et al., 2010).

6.4 Chapter Summary

This chapter first discussed the initial results from the descriptive statistics and the qualitative descriptions of the currently found best practices. Overall, it is clear that the social impact assessments for internal operations are the most reported, with philanthropic and financing activities being less available. In general, it appears this heterogeneity reporting behaviour on activity areas is associated with the challenges of conducting a high quality social impact assessments, especially for indirect social impacts, and weak motivating pressures from society and stakeholders.

Progressing, this chapter also discussed the statistical studies conducted. Using a multi-theoretical framework of legitimacy and stakeholder theory, the behaviours of the conventional banks were as expected. However, it is evident that conventional banks are facing more pressures to assess compared to social banks. In other words, the social banks' reporting of assessments showed both a lack of and negative associations. There are various reasons as to why social banks are less willing to conduct and report assessments. In general, social banks are smaller, which amounts to less exposure to legitimacy concerns and stakeholder demands of disclosure. The next chapter provides the conclusion for this thesis, implications towards academic literature and practitioners and its associated limitations.

Chapter 7: Conclusion, Contributions and Recommendations

7.1 Introduction

Reporting of social impact assessments, and its inherent quality, from banking organizations is currently not mandatory. This could be contributed to the fragmentation of current approaches and the inherent challenges associated with measuring social changes, especially for philanthropic and financing activities. However, literature posits that accounting for social impacts can be used as a legitimizing tool, accountability mechanism, and management tool. This study sought to investigate the relationship of organizational characteristics of banks and its reporting of high quality social impact assessments.

Using a newly developed measurement instrument, a content analysis on sustainability-related reports was conducted to collect the data required for this study. The measurement instrument was based on the impact value chain, which is a social impact assessment framework that communicates the efficiency and effectiveness of an activity through the combination of input, output, outcome and impact indicators.

With the measurement instrument developed and initial data collected, numerical coding procedures were used to transform the data to social disclosure index scores which represented the quality of social impact assessments per bank and per activity area. Concurrently, a qualitative description of the best practices currently found was developed. With the disclosure index scores, independent samples t-test and Pearson correlation tests, and ANOVA tests were conducted to determine the association between

reporting of assessments behaviour and banking organizational characteristics. This is the first type of study of its specific kind, therefore the more commonly used in literature organizational characteristics were chosen.

Chapter 6 presented a discussion of the results found through the lens of legitimacy and stakeholder theory, with references to previous studies. This chapter further discusses the implications of these findings towards academia and practitioners. Furthermore, recommendations for future research and the limitations of the study are provided.

7.2 Contributions of the Research

7.2.1 Contributions to Academic Literature

This thesis provides three primary contributions to academic literature. The first contribution of this study is the specific approach used to evaluate the reporting from the banking sample. While previous studies have focused on the linkages between sustainability-related disclosures and financial performance, or the determinants in the extent of disclosure, a significant challenge has been the assessment of the indirect impacts of banking organizations. As a result, previous studies on the financial sector have arguable not assessed the sustainability performance appropriately. Generally, this could be attributed to various challenges: There still remains inherent challenges in measuring social impacts, which are further amplified when the social change is indirect in nature; and, the current state of social performance measurement frameworks and tools remain significantly fragmented with a lack of substantial guidance being paid towards the impacts of financial activities. Therefore, using the impact value chain, this thesis

developed an approach to collecting and evaluating the disclosure provided by banks. This allows the quality of social impact assessments, per activity area, to be investigated and used in statistical studies.

The use of the impact value chain as a evaluative framework was chosen because it is a common approach to conceptualizing social change. Also, it is an underlying aspect to many social performance measurement systems. By identifying a common theme among the various performance approaches, data on the quality of social impact assessments could be collected systematically. Thus, the first contribution of this thesis is the development and initial demonstration the measurement instrument for evaluating social impact assessments of organizations, and its use in developing social disclosure index scores.

The second contribution to academic literature that this thesis provides is multifaceted, but generally pertains to the enrichment of extant theories in social accounting. Previously in literature, legitimacy and stakeholder theory did not explicitly focus on the social impact assessments of banking organizations. This thesis expanded the scope of these two theories to include the further insights into the determinants of social impact assessments of internal operations, philanthropic activities and financing activities of banks. Overall, the results suggest the assessment of internal operations receives the most legitimacy pressure and stakeholder disclosure demands, while philanthropic and financing activities receive less. For conventional banks, their size appears to be a good predictor of social impact assessment quality for internal operations, and financing activities.

The next, and related contribution to academia is the inclusion of social banks in a statistical study on the social impact assessment behaviours. This type of bank has grown in size recently, which has increased interest from academic and grey literature authors. Previously, literature on social banks have focused on conceptual descriptions of this type of social enterprise, and case studies. From the perspective of legitimacy and stakeholder theory, the results of this thesis suggest that social banks are currently not facing the same pressures and demands to assess their social impacts. This could stem from the stark differences in size, and an assumed positive impact based on the industries, customers and beneficiaries that they finance.

Overall, this thesis has made three contributions to academic literature: the development and demonstration of measurement tool that can evaluate the quality of social impact assessments; the expansion of scope for legitimacy and stakeholder theory to explicitly include social impact assessments of banking organizations; and, the inclusion of social banks in the sample of this statistical study.

7.2.2 Contributions and Recommendations to Practitioners

From a practice perspective, this thesis provides three related main contributions. First, the qualitative descriptions of the current best practices found provides insightful information to banking organizations, social enterprises and charities. These examples of high quality social impact assessments illustrate how the impact value chain can be operationalized and reported. Second, the results of the statistical tests provide practitioners with the current state of social impact assessment, in terms of quality for

three activity areas of conventional and social banking organizations. This potentially can illustrate to both types of banks where improvements can be made, and helps explain why and when, through legitimacy and stakeholder theory, social impact assessments are beneficial. The results generally indicated a positive association between the the size of conventional banks and their assessment behaviours, as expected from the multi-theoretical framework. Conversely, the assessment behaviours of social banks did not align with the extant theories used in this thesis. The results suggest that the differences between conventional and social banks can explain the difference in assessment behaviour.

There are two broad recommendations for assessment, report preparers and management practitioners. First, is to start or continue to develop a sophisticated social accounting system that includes both efficiency (input and output indicators) and effectiveness (social outcome indicators) metrics. This system can be used to provide insightful information for decision-makers, but also to preemptively prepare for future legitimacy pressures and stakeholder demands for disclosure. Although this thesis showed that it appears that assessing indirect impacts are more challenging, there are strategic ways of reducing the friction for this activity. For instance, banks could have a clause in their financing agreements stipulating that social impact measurement and reporting is required.

Another recommendation is for banking organizations to assess the social impacts of their philanthropic and financing activities. For conventional banks, this could meet the demands as posited by the extant theories of this thesis, but could also help in curbing

accusations of greenwashing. From a social bank perspective, social impact assessments in these two activity areas could be an avenue for differentiation against their conventional counterparts. A continued lack of assessments from social banks could pose a significant risk to the success of social banks in securing future grants, shareholders and depositors. For instance, if many conventional banks reporting on their contributions towards sustainable development, the impacts associated with social banks could be called into question.

7.3 Limitations of the Research

Like other previous empirical studies, this thesis has its inherent limitations. First, many of the social bank members of the GABV were excluded from analysis because of a lack of English reporting. Consequently, the number of conventional banks analyzed was decreased because of the block sampling approach chosen. Therefore, the explorations into the relationships between organizational factors and the quality of social impact assessment could be limited based on the smaller samples sizes of banks.

A related limitation pertains to the comparison between the conventional and social banks. As indicated in the descriptive statistics, the two types of banks are significantly different in size. Therefore, the assessment behaviours are difficult to compare. However, as a study that is the first to investigate these behaviours using an impact value chain framework for evaluation, the specific nuances found within each respective bank type were explored through their two subsamples.

A third limitation to this thesis concerns its content analysis approach to collecting data. It could be argued that this approach to collecting and evaluating data has

a subjective element embedded in it. Nevertheless, the data abstraction instrument was developed using common definitions found in literature, and evaluated the degree of quality of indicators following the argument presented by Ernst and Ernst (1977) that quantitative measures are more objective than qualitative measures.

The coding procedures of this thesis is the final limitation to discuss. The dichotomy of the type of bank in this thesis only included conventional and social banks. Further differentiation between the two types of banks could have allowed for further insights into their assessment behaviours, potentially resulting in more applicable recommendations to practitioners. Also, the variable of home country was coded per continent. Similarly, this did not allow the additional nuances of specific cities and countries to be investigated.

7.4 Recommendations for Future Research

The results of this thesis have illuminated two recommendations for future research. First, the data abstraction instrument used in this thesis should be further used to assess the determinants of quality of social impact assessments between positive and negative impacts of financial institutions. Differences in reporting behaviour of positive and negative social impacts would provide an interesting aspect to extant disclosure theories.

The second recommendation for future research concerns expanding this thesis to include reporting behaviour over several years. This may provide additional insights into the complexity that this thesis found. Also, by conducting a longitudinal study, lagging effects of the changes in independent variables could be analyzed with changes in the

reporting behaviour. Moreover, the disclosure index scores could be statistically tested as independent variables, which would explore the potential benefits and costs of disclosing social impact assessments to a high degree of quality.

References

Abbott, W. F., & Monsen, R. J. (1979). On the measurement of corporate social

    responsibility: self-reported disclosures as a method of measuring corporate

    social involvement. *Academy of Management Journal*, *22*(3), 501–515.

Adams, C. A. (2002). Internal organisational factors influencing corporate social and

    ethical reporting: Beyond current theorising. *Accounting, Auditing &*

    Accountability Journal, *15*(2), 223–250.

    http://doi.org/10.1108/09513570210418905

Adams, C. A., & Frost, G. R. (2008). Integrating sustainability reporting into

    management practices. *Accounting Forum*, *32*(4), 288–302.

    http://doi.org/10.1016/j.accfor.2008.05.002

Adams, C. A., & McNicholas, P. (2007). Making a difference: Sustainability reporting,

    accountability and organisational change. *Accounting, Auditing &*

    Accountability Journal, *20*(3), 382–402.

    http://doi.org/10.1108/09513570710748553

Agudo Valiente, J. M., Garcés Ayerbe, C., & Salvador Figueras, M. (2012). Social

    responsibility practices and evaluation of corporate social performance. *Journal*

    of Cleaner Production, *35*, 25–38. http://doi.org/10.1016/j.jclepro.2012.05.002

Aguilera, R. V., Rupp, D. E., Williams, C. A., & Ganapathi, J. (2007). Putting the S back

    in corporate social responsibility: A multilevel theory of social change in

    organizations. *Academy of Management Review*, *32*(3), 836–863.

Alberici, A., & Querci, F. (2015). The Quality of Disclosures on Environmental Policy:

The Profile of Financial Intermediaries: The Quality of Disclosures on

Environmental Policy. *Corporate Social Responsibility and Environmental

Management*, n/a–n/a. http://doi.org/10.1002/csr.1375

Andrikopoulos, A., & Kriklani, N. (2013). Environmental disclosure and financial

characteristics of the firm: the case of Denmark. *Corporate Social Responsibility

and Environmental Management*, *20*(1), 55–64.

Arvidson, M., Lyon, F., McKay, S., & Moro, D. (2013). Valuing the social? The nature

and controversies of measuring social return on investment (SROI). *Voluntary

Sector Review*, *4*(1), 3–18. http://doi.org/10.1332/204080513X661554

Banktrack. (2009). *A Challenging Climate 2.0: What banks must do to combat climate

change*.

Baranes, A. (2009). Towards Sustainable and Ethical Finance. *Development*, *52*(3), 416–

420. http://doi.org/10.1057/dev.2009.47

Barclay, B. (2008). *Financing Global Warming: Canadian Banks and Fossil Fuels*. San

Francisco, CA: Rainforest Action Network.

Barkemeyer, R., Holt, D., Preuss, L., & Tsang, S. (2014). What happened to the

"development" in sustainable development? Business guidelines two decades

after Brundtland. *Sustainable Development*, *22*(1), 15–32.

Benedikter, R. (2011). *Social Banking and Social Finance*. New York, NY: Springer

New York. Retrieved from http://link.springer.com/10.1007/978-1-4419-7774-8

Bhattacharya, C. B., & Sen, S. (2004). Doing better at doing good: When, Why and How

Consumers Respond to Corporate Social Initiatives. *California Management*

125

Review, *47*(1), 10.

Bonini, S., & Emerson, J. (2005). *Maximizing Blended Value–Building Beyond the Blended Value Map to Sustainable Investing, Philanthropy and Organizations*. Found at www. blendedvalue. org/media/pdf-max-blendedvalue. pdf. Retrieved from http://enp.raisedeyebrowclients.com/sites/default/files/uploads/documents/Maximizing%20Blended%20Value.pdf

Bosheim, S. A. (2012). *Social banks and impact measurement: The case of Charity Bank and Tridos Bank*. BI Norwegian Business School.

Boulding, K. E. (1956). General systems theory-the skeleton of science. *Management Science*, *2*(3), 197–208.

Bowen, H. R. (1953). *Social responsibilities of the businessman;* (1st edition). Harper.

Brammer, S., & Pavelin, S. (2008). Factors influencing the quality of corporate environmental disclosure. *Business Strategy and the Environment*, *17*(2), 120–136. http://doi.org/10.1002/bse.506

Branco, M. C., & Rodrigues, L. L. (2008). Factors Influencing Social Responsibility Disclosure by Portuguese Companies. *Journal of Business Ethics*, *83*(4), 685–701. http://doi.org/10.1007/s10551-007-9658-z

Brown, J., & Fraser, M. (2006). Approaches and perspectives in social and environmental accounting: an overview of the conceptual landscape. *Business Strategy and the Environment*, *15*(2), 103–117. http://doi.org/10.1002/bse.452

Brundtland, G. (1987). *Our common future*. Oxford: Oxford University Press.

Bryman, A. (2012). *Social Research Methods* (4th Revised edition edition). Oxford ; New York: Oxford University Press, USA.

Carman, J. G. (2009). The Accountability Movement: What's Wrong With This Theory of Change? *Nonprofit and Voluntary Sector Quarterly*. http://doi.org/10.1177/0899764008330622

Carman, J. G. (2011). Understanding Evaluation in Nonprofit Organizations. *Public Performance & Management Review*, *34*(3), 350–377. http://doi.org/10.2753/PMR1530-9576340302

Carnevale, C., Mazzuca, M., & Venturini, S. (2012). Corporate Social Reporting in European Banks: The Effects on a Firm's Market Value: The Effects of Social Reporting. *Corporate Social Responsibility and Environmental Management*, *19*(3), 159–177. http://doi.org/10.1002/csr.262

Carroll, A. B. (1979). A three-dimensional conceptual model of corporate performance. *Academy of Management Review*, *4*(4), 497–505.

Carroll, A. B. (1999). Corporate social responsibility evolution of a definitional construct. *Business & Society*, *38*(3), 268–295.

Carroll, A. B. (2000). A commentary and an overview of key questions on corporate social performance measurement. *Business & Society*, *39*(4), 466–478.

Chih, H.-L., Chih, H.-H., & Chen, T.-Y. (2009). On the Determinants of Corporate Social Responsibility: International Evidence on the Financial Industry. *Journal of Business Ethics*, *93*(1), 115–135. http://doi.org/10.1007/s10551-009-0186-x

Chmelik, E., Musteen, M., & Ahsan, M. (2015). Measures of Performance in the Context

of International Social Ventures: An Exploratory Study. *Journal of Social Entrepreneurship*, 1–27. http://doi.org/10.1080/19420676.2014.997781

Chmelik, E. R. (2012). *Measures of performance in the context of international social enterprise*. Retrieved from http://scholarworks.calstate.edu/handle/10211.10/2199

Cho, C. H., & Patten, D. M. (2007). The role of environmental disclosures as tools of legitimacy: A research note. *Accounting, Organizations and Society*, *32*(7-8), 639–647. http://doi.org/10.1016/j.aos.2006.09.009

Cho, C. H., & Patten, D. M. (2009). Social and environmental accounting in North America: A Research Note. In *Advances in Environmental Accounting & Management* (Vol. 4, pp. 161–177). Bingley: Emerald Group Publishing. Retrieved from http://www.emeraldinsight.com/10.1108/S1479-3598(2010)0000004010

Clark, C., & Brennan, L. (2012). Entrepreneurship with social value: A conceptual model for performance measurement. *Academy of Entrepreneurship Journal*, *18*(2), 17.

Clark C, Rosenzweig W, Long D and Olsen S (2004), Double bottom line project report: Assessing social impact in double bottom line ventures; methods catalog

Clarkson, M. B. E. (1995). A Stakeholder Framework for Analyzing and Evaluating Corporate Social Performance. *The Academy of Management Review*, *20*(1), 92. http://doi.org/10.2307/258888

Clarkson, P. M., Li, Y., Richardson, G. D., & Vasvari, F. P. (2008). Revisiting the relation between environmental performance and environmental disclosure: An

empirical analysis. *Accounting, Organizations and Society*, *33*(4-5), 303–327.

    http://doi.org/10.1016/j.aos.2007.05.003

Cocris, V., & Nichitean, A. L. (2010). Corporate Social Responsibility And Sustainability

    In Romanian Commercial Banks. *Annals of Alexandru Ioan Cuza University of*

    Iasi, (57), 129–144.

Copps, J. (2013a, February). Outcomes Map: Education and Learning. New Philanthropy

    Capital.

Copps, J. (2013b, February). Outcomes Map: Financial and Legal Matters. New

    Philanthropy Capital.

Copps, J., & Plimmer, D. (2013a, February). Outcomes Map: Mental Health. New

    Philanthropy Capital.

Copps, J., & Plimmer, D. (2013b, February). Outcomes Map: Personal and Social Well-

    Being. New Philanthropy Capital.

Copps, J., & Svistak, M. (2013, February). Outcomes Map: Poliitics, Influence and

    Participation. New Philanthropy Capital.

Coryn, C. L. S., Noakes, L. A., Westine, C. D., & Schroter, D. C. (2011). A Systematic

    Review of Theory-Driven Evaluation Practice From 1990 to 2009. *American*

    Journal of Evaluation, *32*(2), 199–226.

    http://doi.org/10.1177/1098214010389321

Costanza, R., d'Arge, R., De Groot, R., Farber, S., Grasso, M., Hannon, B., … Paruelo, J.

    (1997). The value of the world's ecosystem services and natural capital. *Nature*,

    387(6630), 253–260.

Cowton, C. J., & Thompson, P. (2000). Do codes make a difference? The case of bank lending and the environment. *Journal of Business Ethics*, *24*(2), 165–178.

Creswell, J. W. (2014). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches, 4th Edition* (4th edition). Thousand Oaks: SAGE Publications, Inc.

Dahlsrud, A. (2008). How corporate social responsibility is defined: an analysis of 37 definitions. *Corporate Social Responsibility and Environmental Management*, *15*(1), 1–13. http://doi.org/10.1002/csr.132

Darby, L., & Jenkins, H. (2006). Applying sustainability indicators to the social enterprise business model: The development and application of an indicator set for Newport Wastesavers, Wales. *International Journal of Social Economics*, *33*(5/6), 411–431. http://doi.org/10.1108/03068290610660689

da Silva Monteiro, S. M., & Aibar-Guzmán, B. (2010). Determinants of environmental disclosure in the annual reports of large companies operating in Portugal. *Corporate Social Responsibility and Environmental Management*, *17*(4), 185–204. http://doi.org/10.1002/csr.197

Deegan, C. (2002). Introduction: The legitimising effect of social and environmental disclosures – a theoretical foundation. *Accounting, Auditing & Accountability Journal*, *15*(3), 282–311. http://doi.org/10.1108/09513570210435852

De Veaux, R. D., Velleman, P. F., & Bock, D. E. (2012). *Stats: data and models*. Boston: Addison-Wesley.

Dietz, S., & Neumayer, E. (2007). Weak and strong sustainability in the SEEA: Concepts and measurement. *Ecological Economics*, *61*(4), 617–626.

http://doi.org/10.1016/j.ecolecon.2006.09.007

Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation:

Concepts, evidence, and implications. *Academy of Management Review*, *20*(1),

65–91.

Ebrahim, A. (2003). Making sense of accountability: Conceptual perspectives for

northern and southern nonprofits. *Nonprofit Management and Leadership*, *14*(2),

191–212.

Ebrahim, A., & Vijayaraghavan, K. (2014). What impact?: A framework for measuring

the scale and scope of social performance. *California Management Review*,

53(3).

Ekins, P., Simon, S., Deutsch, L., Folke, C., & De Groot, R. (2003). A framework for the

practical application of the concepts of critical natural capital and strong

sustainability. *Ecological Economics*, *44*(2-3), 165–185.

http://doi.org/10.1016/S0921-8009(02)00272-0

Elkington, J. (1998). *Cannibals with forks*. Gaboriola Island, BC: New Society

Publishers.

Emerson, J. (2003). The Blended Value Proposition: Integrating social and financial

returns. *California Management Review*, *45*(4), 35–51.

Epstein, D., & Klerman, J. A. (2012). When is a Program Ready for Rigorous Impact

Evaluation? The Role of a Falsifiable Logic Model. *Evaluation Review*, *36*(5),

375–401. http://doi.org/10.1177/0193841X12474275

Epstein, M. J. (2003). The Identification, Measurement, and Reporting of Corporate

Social Impacts: Past, Present, and Future. In *Advances in Environmental Accounting & Management* (Vol. 2, pp. 1–29). Bingley: Emerald (MCB UP). Retrieved from http://www.emeraldinsight.com/10.1016/S1479-3598(03)02001-6

Epstein, M., & Yuthas, K. (2014). *Measuring and Improving Social Impacts: A Guide for Nonprofits, Companies, and Impact Investors*. San Francisco: Berrett-Koehler Publishers.

Esteves, A. M., Franks, D., & Vanclay, F. (2012). Social impact assessment: the state of the art. *Impact Assessment and Project Appraisal*, *30*(1), 34–42. http://doi.org/10.1080/14615517.2012.660356

Fifka, M. S. (2013). Corporate Responsibility Reporting and its Determinants in Comparative Perspective - a Review of the Empirical Literature and a Meta-analysis: Corporate Responsibility Reporting and its Determinants. *Business Strategy and the Environment*, *22*(1), 1–35. http://doi.org/10.1002/bse.729

Figge, F., & Hahn, T. (2004). Sustainable Value Added—measuring corporate contributions to sustainability beyond eco-efficiency. *Ecological Economics*, *48*(2), 173–187. http://doi.org/10.1016/j.ecolecon.2003.08.005

Figge, F., Hahn, T., Schaltegger, S., & Wagner, M. (2002). The Sustainability Balanced Scorecard - linking sustainability management to business strategy. *Business Strategy and the Environment*, *11*(5), 269–284. http://doi.org/10.1002/bse.339

Fowler, S., & Hope, C. (2007). A Critical Review of Sustainable Business Indices and their Impact. *Journal of Business Ethics*, *76*(3), 243–252.

http://doi.org/10.1007/s10551-007-9590-2

Freeman, R. E. (1994). The politics of stakeholder theory: Some future directions.
Business Ethics Quarterly, 409–421.

Friedman, M. (1970, September 13). The social responsibility of business is to increase
its profits. *The New York Times*. Retrieved from http://zwoogle.informatik.fh-
kl.de/intwiki/handapparat/Master%20AI-Int%20Man%20-%20China%2009.pdf

Funnell, S. C., & Rogers, P. J. (2011). *Purposeful Program Theory: Effective Use of
Theories of Change and Logic Models* (Pap/Psc edition). San Francisco, CA:
Jossey-Bass.

García-Sánchez, I. M. (2008). Corporate social reporting: segmentation and
characterization of Spanish companies. *Corporate Social Responsibility and
Environmental Management*, *15*(4), 187–198. http://doi.org/10.1002/csr.141

Geobey, S. (2014). *Measurement, Decision-Making and the Pursuit of Social Innovation
in Canadian Social Finance*. University of Waterloo, Waterloo, Ontario,
Canada. Retrieved from https://uwspace.uwaterloo.ca/handle/10012/8736

Gladwin, T. N., Kennelly, J. J., & Krause, T.-S. (1995). Shifting paradigms for
sustainable development: Implications for management theory and research.
Academy of Management Review, *20*(4), 874–907.

Global Alliance for Banking Values (GABV). (2013). *Real Banking for the Real
Economy: Comparing Sustainable Bank Performance with the Largest Banks in
the World*. Global Alliance for Banking Values.

Golob, U., & Bartlett, J. L. (2007). Communicating about corporate social responsibility:

A comparative study of CSR reporting in Australia and Slovenia. *Public Relations Review*, *33*(1), 1–9. http://doi.org/10.1016/j.pubrev.2006.11.001

Goss, A., & Roberts, G. S. (2011). The impact of corporate social responsibility on the cost of bank loans. *Journal of Banking & Finance*, *35*(7), 1794–1810. http://doi.org/10.1016/j.jbankfin.2010.12.002

Gray, R. (2006). Social, environmental and sustainability reporting and organisational value creation?: Whose value? Whose creation? *Accounting, Auditing & Accountability Journal*, *19*(6), 793–819. http://doi.org/10.1108/09513570610709872

Gray, R. (2010). Is accounting for sustainability actually accounting for sustainability…and how would we know? An exploration of narratives of organisations and the planet. *Accounting, Organizations and Society*, *35*(1), 47–62. http://doi.org/10.1016/j.aos.2009.04.006

Gray, R. (2013). Back to basics: What do we mean by environmental (and social) accounting and what is it for?—A reaction to Thornton. *Critical Perspectives on Accounting*, *24*(6), 459–468. http://doi.org/10.1016/j.cpa.2013.04.005

Gray, R., & Bebbington, J. (2001). *Accounting for the Environment: Second Edition*. SAGE.

Gray, R., Kouhy, R., & Lavers, S. (1995). Corporate social and environmental reporting: a review of the literature and a longitudinal study of UK disclosure. *Accounting, Auditing & Accountability Journal*, *8*(2), 47–77.

Gray, R., Owen, D., & Adams, C. (2009). Some theories for social accounting?: A review

essay and a tentative pedagogic categorisation of theorisations around social

accounting. In *Advances in Environmental Accounting & Management* (Vol. 4,

pp. 1–54). Bingley: Emerald Group Publishing. Retrieved from

http://www.emeraldinsight.com/10.1108/S1479-3598(2010)0000004005

Grieco, C. (2015). *Assessing Social Impact of Social Enterprises*. Cham: Springer

International Publishing. Retrieved from http://link.springer.com/10.1007/978-3-

319-15314-8

Hadad, S., & Găucă, O. D. (2014). Social impact measurement in social entrepreneurial

organizations. *Management & Marketing*, *9*(2). Retrieved from

http://www.managementmarketing.ro/pdf/articole/445.pdf

Hahn, R., & Kühnen, M. (2013). Determinants of sustainability reporting: a review of

results, trends, theory, and opportunities in an expanding field of research.

Journal of Cleaner Production, *59*, 5–21.

http://doi.org/10.1016/j.jclepro.2013.07.005

Haigh, M., & Hazelton, J. (2004). Financial markets: a tool for social responsibility?

Journal of Business Ethics, *52*(1), 59–71.

Harji, K., & Jackson, E. T. (2012). Accelerating impact. achievements, challenges and

what's next in building the impact investing industry. New York City: The

Rockefeller Foundation.

Hassan, A., & Ibrahim, E. (2012). Corporate Environmental Information Disclosure:

Factors Influencing Companies' Success in Attaining Environmental Awards.

Corporate Social Responsibility and Environmental Management, *19*(1), 32–46.

http://doi.org/10.1002/csr.278

Heal, G. (2005). Corporate social responsibility: An economic and financial framework. *The Geneva Papers on Risk and Insurance-Issues and Practice*, *30*(3), 387–409.

Herzig, C., & Moon, J. (2013). Discourses on corporate social ir/responsibility in the financial sector. *Journal of Business Research*, *66*(10), 1870–1880. http://doi.org/10.1016/j.jbusres.2013.02.008

Hooks, J., & van Staden, C. J. (2011). Evaluating environmental disclosures: The relationship between quality and extent measures. *The British Accounting Review*, *43*(3), 200–213. http://doi.org/10.1016/j.bar.2011.06.005

Husted, B. W. (2000). A contingency theory of corporate social performance. *Business & Society*, *39*(1), 24–48.

Hu, V., & Scholtens, B. (2014). Corporate Social Responsibility Policies of Commercial Banks in Developing Countries: Banks' CSR in developing countries. *Sustainable Development*, *22*(4), 276–288. http://doi.org/10.1002/sd.1551

Ingham, M., Grafé-Buckens, A., & Tihon, A. (2013). Bank-Based Microfinance: From Peripheral to Integrated Responsibility Toward Sustainability. *Strategic Change*, *22*(1-2), 107–119. http://doi.org/10.1002/jsc.1925

Investing for Good. (2013, February). Outcomes Map: Conservation of the Natural Environment and Climate Change. Investing for Good.

Jackson, E. T. (2013). Interrogating the theory of change: evaluating impact investing where it matters most. *Journal of Sustainable Finance & Investment*, *3*(2), 95–110. http://doi.org/10.1080/20430795.2013.776257

Jackson, E. T., & Tarsilla, M. (2013). Mixed Methods in Social Accounting: Evaluating

the Micro-Loan Program of Alterna Savings Credit Union. In L. Mook (Ed.),

Accounting for Social Value (pp. 117–139). Toronto, ON: University of Toronto

Press, Scholarly Publishing Division.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior,

agency costs and ownership structure. *Journal of Financial Economics*, *3*(4),

305–360.

Jeucken, M. (2002). Banking and sustainability: slow starters are gaining pace. *Ethical

Corporation Magazine*, *11*, 44–48.

Jeucken, M. (2004). *Sustainability in finance: banking on the planet*. Delft: Eburon.

Jeucken, M. H. A., & Bouma, J. J. (1999). *Sustainable banking: the greening of finance*.

Greenleaf Publishing. Retrieved from

http://books.google.com/books?hl=en&lr=&id=Inwps_2fMWgC&oi=fnd&pg=P

A1&dq=%22how+is+the+banking+sector+responding+to+the+new+challenges

+that+sustainability%22+%22Basically,+it+has+responded+far+more+slowly+t

han+other+sectors.+Bankers%22+%22themselves+to+be+in+a+relatively+envir

onmentally+friendly+industry+(in+terms%22+&ots=WhaApiEdOg&sig=4q6Ya

NATmQe0OTGCUIDfdVr5nMU

Kaeufer, K. (2010). *Banking as a Vehicle for Socio-economic Development and Change:

Case Studies of Socially Responsible and Green Banks*. Cambridge, MA:

Presencing Institute. Retrieved from http://www.gabv.org/wp-

content/uploads/SocialBanking.pdf

Kansal, M., Joshi, M., & Batra, G. S. (2014). Determinants of corporate social

    responsibility disclosures: Evidence from India. *Advances in Accounting*, *30*(1),

    217–229. http://doi.org/10.1016/j.adiac.2014.03.009

Keeble, J. J., Topiol, S., & Berkeley, S. (2003). Using indicators to measure sustainability

    performance at a corporate and project level. *Journal of Business Ethics*, *44*(2-

    3), 149–158.

Kolk, A. (2000). *Economics of Environmental Management*. Financial Times.

Kolk, A. (2003). Trends in sustainability reporting by the Fortune Global 250. *Business

    Strategy and the Environment*, *12*(5), 279–291. http://doi.org/10.1002/bse.370

Kolk, A. (2004). A decade of sustainability reporting: developments and significance.

    International Journal of Environment and Sustainable Development, *3*(1), 51–

    64.

Kroeger, A., & Weber, C. (2014). Developing a Conceptual Framework for Comparing

    Social Value Creation. *Academy of Management Review*, *39*(4), 513–540.

    http://doi.org/10.5465/amr.2012.0344

Lamberton, G. (2005). Sustainability accounting—a brief history and conceptual

    framework. *Accounting Forum*, *29*(1), 7–26.

    http://doi.org/10.1016/j.accfor.2004.11.001

Liket, K., & Maas, K. (2015). Strategic Philanthropy Corporate Measurement of

    Philanthropic Impacts as a Requirement for a "Happy Marriage" of Business and

    Society. *Business & Society*, 0007650314565356.

Lindblom, C. K. (1994). The implications of organizational legitimacy for corporate

social performance and disclosure. In *Critical perspectives on accounting conference, New York* (Vol. 120).

Lock, I., & Seele, P. (2015). Analyzing Sector-Specific CSR Reporting: Social and Environmental Disclosure to Investors in the Chemicals and Banking and Insurance Industry: Analyzing Sector-Specific CSR Reporting to Investors. *Corporate Social Responsibility and Environmental Management*, *22*(2), 113–128. http://doi.org/10.1002/csr.1338

Lynch-Cerullo, K., & Cooney, K. (2011). Moving from Outputs to Outcomes: A Review of the Evolution of Performance Measurement in the Human Service Nonprofit Sector. *Administration in Social Work*, *35*(4), 364–388. http://doi.org/10.1080/03643107.2011.599305

Maas, K., & Liket, K. (2011). Talk the Walk: Measuring the Impact of Strategic Philanthropy. *Journal of Business Ethics*, *100*(3), 445–464. http://doi.org/10.1007/s10551-010-0690-z

Málovics, G., Csigéné, N. N., & Kraus, S. (2008). The role of corporate social responsibility in strong sustainability. *The Journal of Socio-Economics*, *37*(3), 907–918. http://doi.org/10.1016/j.socec.2006.12.061

Margolis, J. D., & Walsh, J. P. (2001). *People and profits? the search for a link between a company's social and financial performance*. Mahwah, N.J.: Lawrence Erlbaum Associates, Publishers. Retrieved from http://site.ebrary.com/id/10277432

Matteo, P., Langella, V., & Bramanti, V. (2015). *Review of impact assessment*

methodologies for ethical finance. Febea. Retrieved from

http://www.febea.org/febea/news/review-impact-assessment-methodologies-
ethical-finance

McDonald, J. H. (2009). *Handbook of biological statistics* (Vol. 2). Sparky House

Publishing Baltimore, MD. Retrieved from

http://biolabstats.com/documents/HANDBOOK_OF_BIOLOGICAL_STATIST

ICS.pdf

McLaughlin, J. A., & Jordan, G. B. (1999). Logic models: a tool for telling your

programs performance story. *Evaluation and Program Planning*, *22*(1), 65–72.

Menassa, E. (2010). Corporate social responsibility: An exploratory study of the quality

and extent of social disclosures by Lebanese commercial banks. *Journal of

Applied Accounting Research*, *11*(1), 4–23.

http://doi.org/10.1108/09675421011050009

Michelson, G., Wailes, N., Van Der Laan, S., & Frost, G. (2004). Ethical investment

processes and outcomes. *Journal of Business Ethics*, *52*(1), 1–10.

Miller, R. L., & Campbell, R. (2006). Taking stock of empowerment evaluation: An

empirical review. Amer- ican Journal of Evaluation, 27, 296-319.

Milne, M. J., & Gray, R. (2013). W(h)ither Ecology? The Triple Bottom Line, the Global

Reporting Initiative, and Corporate Sustainability Reporting. *Journal of Business

Ethics*, *118*(1), 13–29. http://doi.org/10.1007/s10551-012-1543-8

Moon, J. (2007). The contribution of corporate social responsibility to sustainable

development. *Sustainable Development*, *15*(5), 296–306.

http://doi.org/10.1002/sd.346

New Philanthropy Capital (NPC). (2013, February). Mapping Outcomes for Social Investment.

Nicholls, A. (2009). "We do good things, don"t we?': "Blended Value Accounting" in social entrepreneurship. *Accounting, Organizations and Society*, *34*(6-7), 755–769. http://doi.org/10.1016/j.aos.2009.04.008

Olsen, S., & Galimidi, B. (2008). Catalog of Approaches to Impact Measurement: Assessing social impact in private ventures. *Social Venture Technology Group with the Support of the Rockefeller Foundation*. Retrieved from http://compromisoytransparencia.com/upload/90/57/Metodologias_de_Medicion .pdf

Orlitzky, M., Schmidt, F. L., & Rynes, S. L. (2003). Corporate Social and Financial Performance: A Meta-Analysis. *Organization Studies*, *24*(3), 403–441. http://doi.org/10.1177/0170840603024003910

O'Sullivan, N., & O'Dwyer, B. (2009). Stakeholder perspectives on a financial sector legitimation process: The case of NGOs and the Equator Principles. *Accounting, Auditing & Accountability Journal*, *22*(4), 553–587. http://doi.org/10.1108/09513570910955443

Parker, L. D. (1997). Accounting for Environmental Strategy: Cost Management, Control and Performance Evaluation. *Asia-Pacific Journal of Accounting*, *4*(2), 145–173. http://doi.org/10.1080/10293574.1997.10510518

Pearce, D. W., & Atkinson, G. D. (1993). Capital theory and the measurement of

sustainable development: an indicator of "weak" sustainability. *Ecological Economics*, *8*(2), 103–108. http://doi.org/10.1016/0921-8009(93)90039-9

Polonsky, M., & Grau, S. L. (2011). Assessing the social impact of charitable organizations-four alternative approaches. *International Journal of Nonprofit and Voluntary Sector Marketing*, *16*(2), 195–211. http://doi.org/10.1002/nvsm.407

Porter, M. E., & Kramer, M. R. (2006). Strategy & Society: The Link Between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review*, *84*(12), 78–92.

Porter, M. E., & Kramer, M. R. (2011). The big idea: creating shared value. *Harvard Business Review*, *89*(1), 2.

Rahman, M., & Hussain, M. (2012). Social business, accountability, and performance reporting. *Humanomics*, *28*(2), 118–132. http://doi.org/10.1108/08288661211228889

Ratnatunga, J., & Balachandran, K. R. (2013). Carbon Emissions Management and the Financial Implications of Sustainability. In P. Taticchi, P. Carbone, & V. Albino (Eds.), *Corporate Sustainability*. Berlin, Heidelberg: Springer Berlin Heidelberg. Retrieved from http://link.springer.com/10.1007/978-3-642-37018-2

Rauscher, O., Schober, C., & Millner, R. (2012). Social Impact Measurement und Social Return on Investment (SROI)-Analysis. Retrieved from http://www.siaassociation.org/wp-content/uploads/2012/12/Social-Impact-Measurement-and-SROI_English_Version_final_2.pdf

Reeder, N., & Colantonio, A. (2013). Measuring Impact and Non-financial Returns in

    Impact Investing: A Critical Overview of Concepts and Practice. Retrieved from

    http://files.lsecities.net/files/2013/10/Measuring_Impact-full-length-Oct-

    2013.pdf

Relaño, F. (2011). Maximizing social return in the banking sector. *Corporate*

    Governance, *11*(3), 274–284. http://doi.org/10.1108/14720701111138698

Relano, F., & Paulet, E. (2012). Corporate responsibility in the banking sector: a

    proposed typology for the German case. *International Journal of Law and*

    Management, *54*(5), 379–393. http://doi.org/10.1108/17542431211264269

Roberts, R. W. (1992). Determinants of corporate social responsibility disclosure: an

    application of stakeholder theory. *Accounting, Organizations and Society*, *17*(6),

    595–612.

Rotheroe, N., & Richards, A. (2007). Social return on investment and social enterprise:

    transparent accountability for sustainable development. *Social Enterprise*

    Journal, *3*(1), 31–48.

Sahoo, P. & Nayak, B.P. (2008). Green banking in India, Institute of Economic Growth.

Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research Methods for Business*

    Students. Financial Times Prentice Hall.

Scholtens, B. (2006). Finance as a Driver of Corporate Social Responsibility. *Journal of*

    Business Ethics, *68*(1), 19–33. http://doi.org/10.1007/s10551-006-9037-1

Scholtens, B. (2008). Corporate Social Responsibility in the International Banking

    Industry. *Journal of Business Ethics*, *86*(2), 159–175.

http://doi.org/10.1007/s10551-008-9841-x

Scholtens, B. (2011). The sustainability of green funds. In *Natural Resources Forum* (Vol. 35, pp. 223–232). Wiley Online Library. Retrieved from http://onlinelibrary.wiley.com/doi/10.1111/j.1477-8947.2011.01387.x/full

Seifert, B., Morris, S. A., & Bartkus, B. R. (2003). Comparing big givers and small givers: Financial correlates of corporate philanthropy. *Journal of Business Ethics*, *45*(3), 195–211.

Soana, M.-G. (2011). The Relationship Between Corporate Social Performance and Corporate Financial Performance in the Banking Sector. *Journal of Business Ethics*, *104*(1), 133–148. http://doi.org/10.1007/s10551-011-0894-x

Soppe, A. (2004). Sustainable corporate finance. *Journal of Business Ethics*, *53*(1-2), 213–224.

Stein, D., & Valters, C. (2012). Understanding Theory of Change in International Development. *A Review of Existing Knowledge. Justice and Security Research Programme, London School of Economics and Political Science (LSE), London, UK*. Retrieved from http://www.seachangecop.org/sites/default/files/documents/2012%2008%20Understanding%20theory%20of%20change%20in%20international%20development.pdf

Straub, A., Koopman, M., & van Mossel, H.-J. (2010). Systems approach and performance measurement by social enterprises. *Facilities*, *28*(5/6), 321–331. http://doi.org/10.1108/02632771011031547

Suchman, M. C. (1995). Managing Legitimacy: Strategic and Institutional Approaches. *The Academy of Management Review*, *20*(3), 571. http://doi.org/10.2307/258788

Tagesson, T., Blank, V., Broberg, P., & Collin, S.-O. (2009). What explains the extent and content of social and environmental disclosures on corporate websites: a study of social and environmental reporting in Swedish listed corporations. *Corporate Social Responsibility and Environmental Management*, *16*(6), 352– 364. http://doi.org/10.1002/csr.194

Tahir, A. C., & Darton, R. C. (2010). The process analysis method of selecting indicators to quantify the sustainability performance of a business operation. *Journal of Cleaner Production*, *18*(16), 1598–1607.

Taticchi, P., Carbone, P., & Albino, V. (Eds.). (2013). *Corporate Sustainability*. Berlin, Heidelberg: Springer Berlin Heidelberg. Retrieved from http://link.springer.com/10.1007/978-3-642-37018-2

The SROI Network. (2013a, February). Outcomes Map: Arts, Culture, Sports and Recreation. The SROI Network.

The SROI Network. (2013b, February). Outcomes Map: Crime and Public Safety. The SROI Network.

The SROI Network. (2013c, February). Outcomes Map: Local Area and Getting Around. The SROI Network.

The SROI Network. (2013d, February). Outcomes Map: Physical Health. The SROI Network.

The SROI Network. (2013e, February). Outcomes Map: Substance Use and Addiction.

The SROI Network.

Thompson, P., & Cowton, C. J. (2004). Bringing the environment into bank lending: implications for environmental reporting. *The British Accounting Review*, *36*(2), 197–218. http://doi.org/10.1016/j.bar.2003.11.005

Trelstad, B. (2008). Simple measures for social enterprise. *Innovations*, *3*(3), 105–118.

Turker, D. (2009). Measuring Corporate Social Responsibility: A Scale Development Study. *Journal of Business Ethics*, *85*(4), 411–427. http://doi.org/10.1007/s10551-008-9780-6

Ullmann, A. A. (1985). Data in Search of a Theory: A Critical Examination of the Relationships among Social Performance, Social Disclosure, and Economic Performance of U. S. Firms. *The Academy of Management Review*, *10*(3), 540. http://doi.org/10.2307/258135

Vanclay, F. (2004). The Triple Bottom Line and Impact Assessment:: How Do Tbl, Eia, Sia, Sea and Ems Relate to Each Other? *Journal of Environmental Assessment Policy & Management*, *6*(3), 265–288.

Visser, W. (2014). *CSR 2.0: transforming corporate sustainability and responsibility*. Retrieved from http://dx.doi.org/10.1007/978-3-642-40874-8

Waddock, S. A., & Graves, S. B. (1997). The corporate social performance-financial performance link. *Strategic Management Journal*, *18*(4), 303–319.

Wartick, S. L., & Cochran, P. L. (1985). The Evolution of the Corporate Social Performance Model. *The Academy of Management Review*, *10*(4), 758. http://doi.org/10.2307/258044

Watts, R. L., & Zimmerman, J. L. (1978). Towards a positive theory of the determination of accounting standards. *Accounting Review*, 112–134.

Weber, O. (2000). Sustainable banking–relationship between banks, companies, society, and environment. *Transdisciplinarity: Joint Problem-Solving among Science, Technology and Society, Zurich*.

Weber, O. (2005). Sustainability benchmarking of European banks and financial service organizations. *Corporate Social Responsibility and Environmental Management*, *12*(2), 73–87.

Weber, O. (2014a). Social banking: Concept, definitions and practice. *Global Social Policy*, *14*(2), 265–267. http://doi.org/10.1177/1468018114539864

Weber, O. (2014b). The financial sector's impact on sustainable development. *Journal of Sustainable Finance & Investment*, *4*(1), 1–8. http://doi.org/10.1080/20430795.2014.887345

Weber, O., & Banks, Y. (2012). Corporate sustainability assessment in financing the extractive sector. *Journal of Sustainable Finance & Investment*, *2*(1), 64–81.

Weber, O., Diaz, M., & Schwegler, R. (2012). Corporate Social Responsibility of the Financial Sector - Strengths, Weaknesses and the Impact on Sustainable Development: CSR Performance of the Financial Sector. *Sustainable Development*, n/a–n/a. http://doi.org/10.1002/sd.1543

Weber, O., & Duan, Y. (2012). Social Finance and Banking. In K. Baker & J. Nofsinger R. (Eds.), *Socially Responsible Finance and Investing* (pp. 161–180). Hoboken, N.J: John Wiley & Sons.

Weber, O., & Remer, S. (2011). Social Banking - Introduction. In O. Weber & S. Remer (Eds.), *Social Banks and the Future of Sustainable Finance* (pp. 1–14). Hoboken: Taylor and Francis.

Weber, O., Scholz, R. W., & Michalik, G. (2010). Incorporating sustainability criteria into credit risk management. *Business Strategy and the Environment*, *19*(1), 39–50. http://doi.org/10.1002/bse.636

Welford, R. (1995). *Environmental strategy and sustainable development: The corporate challenge for the twenty-first century*. Routledge London. Retrieved from http://www.getcited.org/pub/103178310

Wilburn, K., & Wilburn, R. (2014). The double bottom line: Profit and social benefit. *Business Horizons*, *57*(1), 11–20. http://doi.org/10.1016/j.bushor.2013.10.001

Windolph, S. E., Harms, D., & Schaltegger, S. (2013). Motivations for Corporate Sustainability Management: Contrasting Survey Results and Implementation: Motivations for Corporate Sustainability Management. *Corporate Social Responsibility and Environmental Management*, n/a–n/a. http://doi.org/10.1002/csr.1337

Wood, C., & Leighton, D. (2010). Measuring social value: the gap between policy and practice. Retrieved from http://search.informit.com.au/fullText;dn=608274328337959;res=IELHSS

Wood, C., Leighton, D., & Demos (Organization : London, E. (2010). *Measuring social value*.

Wood, D. J. (1991). Corporate social performance revisited. *Academy of Management*

Review, *16*(4), 691–718.

Wood, D. J. (2010). Measuring Corporate Social Performance: A Review. *International Journal of Management Reviews*, *12*(1), 50–84. http://doi.org/10.1111/j.1468-2370.2009.00274.x

World Development Management (2013). RBS's True Carbon Emissions 2012: An Estimate of Emissions Result- ing from Energy Loans Made During 2012, Illustrating The Shortcomings of the Existing Reporting Framework, unpublished Manuscript

Zappalà, G., & Lyons, M. (2009). *Recent approaches to measuring social impact in the Third sector: An overview*. Centre for Social Impact. Retrieved from http://www.socialauditnetwork.org.uk/files/8913/2938/6375/CSI_Background_P aper_No_5_-_Approaches_to_measuring_social_impact_-_150210.pdf